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PREPARATORY COMMITTEE FOR THE SECOND
UNITED NATIONS CONFERENCE ON THE
LEAST DEVELOPED COUNTRIES
Geneva, 26 March 1990

PROVISIONAL RULES OF PROCEDURE OF THE CONFERENCE

Draft provisional rules of procedure of the Conference

The attached provisional rules of procedure for the Second United Nations Conference on the Least Developed countries have been prepared by the secretariat of UNCTAD. The text of the draft provisional rules of procedure is based on the text of the Draft Standard Rules of Procedure for United Nations Conferences (A/38/298).

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I. REPRESENTATION AND CREDENTIALS

Rule 1

Composition of delegations

Each State participating in the Conference shall be represented by a head of delegation and not more than two other accredited representatives and such alternate representatives and advisers as may be required.

Rule 2

Alternates and advisers

The head of delegation may designate an alternate representative or an adviser to act as a representative.

Rule 3

Submission of credentials

The credentials of representatives and the names of alternate representatives and advisers shall be submitted to the Secretary-General of UNCTAD if possible not less than one week before the date fixed for the opening of the Conference. Any later change in the composition of delegations shall also be submitted to the Secretary-General of UNCTAD. The credentials shall be issued by the Head of State or Government or by the Minister for Foreign Affairs or by the Permanent Mission to the United Nations of the State at Geneva upon the explicit authorization of the Head of State or Government or the Minister for Foreign Affairs.

Rule 4

Credentials Committee

A Credentials Committee of nine members shall be appointed at the beginning of the Conference. Its composition shall be based on that of the Credentials Committee of the General Assembly of the United Nations at its forty-fourth session. It shall examine the credentials of representatives and report to the Conference without delay.

Rule 5

Provisional participation in the Conference

Pending a decision of the Conference upon their credentials, representatives shall be entitled to participate provisionally in the Conference.

II. OFFICERS

Rule 6

Elections

1. The Conference shall elect, with due regard to equitable geographical distribution:

(a) From among the representatives of participating States, the following officers: a President and a Rapporteur, as well as a Chairman for each of the two Main Committees provided for in rule 48;

(b) From among the delegations of participating States 15 Vice-Pesidents.

2. The President and the Rapporteur of the Conference shall not be eligible for election as Chairman of a Main Committee. Nor shall the Chairman of a Main Committee be eligible for election as a Vice-President of the Conference.

Rule 7

Term of office and replacement

1. Should the Conference hold more than one session, and unless the Conference decides otherwise, all officers shall serve for all sessions of the Conference.

2. If an officer resigns or ceases to be able to perform his functions or to be a representative of a participating State, the Conference shall as soon as possible elect a new officer. If the office thus vacated is that of the President, the other officers which constitute the General Committee shall select one of the Vice-Presidents to serve as Acting President until the new President has been elected.

Rule 8

Absence of the President

1. If the President is to be absent from a meeting or any part thereof, he shall designate a Vice-President to take his place.

2. A Vice-President acting as President shall have the same powers and duties as the President.

Rule 9

Voting rights of the President

The President or a Vice-President acting as President shall not vote, but may appoint another member of his delegation to vote in his place.

III. GENERAL COMMITTEE

Rule 10

Composition

1. The officers elected pursuant to rule 6 shall constitute the General Committee. The chairman or another designated representative of any subsidiary organ not represented on the Committee may participate in its proceedings, without the right to vote.

2. If any member of the General Committee is to be absent from one of its meetings, he may designate another member of his delegation to participate and vote in his place. The chairman of any subsidiary organ represented on the Committee may also designate a vice-chairman to participate in the proceedings of the Committee, without the right to vote.

Rule 11

Officers

The President, or in his absence one of the Vice-Presidents designated by him, shall serve as Chairman and, if necessary, the Rapporteur shall serve as Rapporteur of the General Committee.

Rule 12

Functions

In addition to performing other functions specified in these rules, the General Committee shall assist the President in the general conduct of the business of the Conference and, subject to the decisions of the Conference, shall ensure the co-ordination of its work.

IV. SECRETARIAT

Rule 13

Direction of the secretariat of the Conference

The Secretary-General of UNCTAD, who is the Secretary-General of the Conference, shall be responsible for making all the necessary arrangements for the carrying out of the work of the Conference. For that purpose he has appointed the Executive Secretary of the Conference and he shall designate such other staff as may be required by the Conference, its committees and other subsidiary organs. */

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*/ In accordance with paragraph 2 of General Assembly resolution 42/177 of 11 December 1987.

Rule 14

Administrative duties of the secretariat of the Conference

The secretariat of the Conference shall, in accordance with these rules and any pertinent directives of the General Assembly:

(a) Interpret speeches made at meetings;

(b) Make and arrange for the keeping of sound recordings of meetings;

(c) Receive, translate and circulate the documents of the Conference;

(d) Report the proceedings of the Conference in appropriate journals;

(e) Publish and circulate any report of the Conference;

(f) Arrange for the custody of the documents and records of the Conference in the archives of the United Nations;

(g) Generally perform all other work that the Conference may require in connection with its proceedings.

Rule 15

Statements by the secretariat

The Secretary-General of the United Nations or the Secretary-General of UNCTAD, or any member of the secretariat designated by either of them for that purpose, may, subject to rule 21, make statements concerning any question under consideration.

V. OPENING OF THE CONFERENCE

Rule 16

Temporary President

At the opening of the Conference, the Secretary-General of the United Nations, the Secretary-General of UNCTAD, or a member of the secretariat designated by either, shall preside until the Conference has elected its President.

Rule 17

Decisions concerning organization

On the basis of recommendations submitted by the Preparatory Committee and those emerging from the pre-conference consultations, the Conference shall, to the extent possible at its first meeting:

(a) Elect its officers and constitute its subsidiary organs;

(b) Adopt the rules of procedure of the Conference;

(c) Adopt its agenda, the draft of which shall, until such adoption, be the provisional agenda of the Conference;

(d) Decide on the organization of its work.

VI. CONDUCT OF BUSINESS

Rule 18

Quorum

The President may declare a meeting open and permit the debate to proceed when representatives of at least one third of the States participating in the Conference are present. The presence of representatives of a majority of such States shall be required for any decision to be taken.

Rule 19

General powers of the President

1. In addition to exercising the powers conferred upon him elsewhere by these rules, the President shall preside at the plenary meetings of the Conference, declare the opening and closing of each such meeting, direct the discussions, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. He shall, subject to these rules, have complete control of the proceedings and over the maintenance of order thereat. The President may propose to the Conference the closing of the list of speakers, a limitation on the time allowed to speakers and on the number of times the representatives of each participant in the Conference may speak on a question, the adjournment or the closure of the debate and the suspension or the adjournment of a meeting.

2. The President, in the exercise of his functions, remains under the authority of the Conference.

Rule 20

Points of order

Subject to rule 41, a representative may at any time raise a point of order, which shall be immediately decided by the President in accordance with these rules. A representative may appeal against the ruling of the President. The appeal shall be immediately put to the vote, and the President's ruling shall stand unless overruled by a majority of the representatives present and voting. A representative may not, in raising a point of order, speak on the substance of the question under discussion.

Rule 21

Speeches

1. No one may address the Conference without having previously obtained the permission of the President. Subject to rules 20, 23 and 25 to 28, the President shall call upon speakers in the order in which they signify their desire to speak.

2. All interventions shall be confined to the question before the Conference and the President may call a speaker to order if his remarks are not relevant to the question under discussion.

3. The Conference may limit the time allowed to speakers and the number of times the representatives of each participant may speak on a question. Permission to speak on a motion to set such limits shall be accorded only to two representatives in favour of and to two opposing such limits, after which the motion shall be immediately put to the vote. In any event, the limitations specified in rules 22 and 25 shall be observed, and the President shall limit each intervention on a procedural question to a maximum of five minutes. When the debate is limited and a speaker exceeds the allotted time, the President shall call him to order without delay.

Rule 22

General debate

1. In order to assess the number of meetings to be allocated to the general debate, a list of speakers shall be opened well in advance of the date of the opening of the Conference and closed at the end of the fifth day of the Conference.

2. Unless the Conference decides otherwise, in the general debate interventions by representatives shall be limited to 15 minutes and those of other participants to 10 minutes.

Rule 23

Precedence

The Chairman or the Vice-Chairman-cum-Rapporteur of a Main Committee or a representative designated by any other subsidiary organ may be accorded precedence for the purpose of explaining the conclusions arrived at by the organ.

Rule 24

Closing the list of speakers

In the course of a debate, the President may announce the list of speakers and, with the consent of the Conference, declare the list closed. When there are no more speakers, the President shall, with the consent of the Conference, declare the debate closed. Such closure shall have the same effect as closure pursuant to rule 27.

Rule 25

Right of reply

1. Notwithstanding rule 24, the President shall accord the right of reply to the delegation of any State participating in the Conference that requests it. Other delegations may be granted the opportunity to make a reply.

2. Replies made pursuant to the present rule:

(a) Shall be made at the end of the last meeting of the day, or at the conclusion of the consideration of the relevant item if that is sooner;

(b) Shall be limited to two per item for any delegation at a given meeting, the first of which is not to exceed five minutes and the second three minutes.

Rule 26

Adjournment of debate

A representative may at any time move the adjournment of the debate on the question under discussion. Permission to speak on the motion shall be accorded only to two representatives in favour of and to two opposing the adjournment, after which the motion shall, subject to rule 29, be immediately put to the vote.

Rule 27

Closure of debate

A representative may at any time move the closure of the debate on the question under discussion, whether or not any other representative has signified his wish to speak. Permission to speak on the motion shall be accorded only to two representatives opposing the closure, after which the motion shall, subject to rule 29, be immediately put to the vote.

Rule 28

Suspension or adjournment of the meeting

Subject to rule 41, a representative may at any time move the suspension or the adjournment of the meeting. No discussion on such motions shall be permitted and they shall, subject to rule 29, be immediately put to the vote.

Rule 29

Priority of motions

The motions indicated below shall have priority in the following order over all proposals or other motions before the Conference:

(a) To suspend the meeting;

(b) To adjourn the meeting;

(c) To adjourn the debate on the question under discussion;

(d) To close the debate on the question under discussion.

Rule 30

Basic proposals

1. Any draft texts submitted to the Conference by the Preparatory Committee shall, if the Committee so recommends or the Conference so decides, constitute the basic proposals for consideration by the Conference.

2. Basic proposals shall have priority over all other proposals submitted to the Conference, unless it decides otherwise.

Rule 31

Other proposals and substantive amendments

Other proposals and substantive amendments shall normally be submitted in writing to the Conference secretariat, which shall circulate copies thereof to all delegations in the languages of the Conference. Unless the Conference decides otherwise, substantive proposals shall not be discussed or put to the vote until the day after copies thereof have been circulated to the delegations of all States participating in the Conference.

Rule 32

Withdrawal of proposals and motions

A proposal or a motion may be withdrawn by its sponsor at any time before voting on it has commenced, provided that it has not been amended by decision of the Conference. A proposal or a motion thus withdrawn may be reintroduced by any representative with its original priority, provided he does so promptly and it has not been substantially changed.

Rule 33

Decisions on competence

Any motion calling for a decision on the competence of the Conference to discuss any matter or to adopt a proposal submitted to it shall be decided before the matter is discussed further or a decision is taken on the proposal in question.

Rule 34

Consideration of programme budget implications

Before the Conference takes a decision or makes a recommendation the implementation of which might have programme budget implications for the United Nations, it shall receive and consider a report from the secretariat on such implications.

Rule 35

Reconsideration of proposals

When a proposal has been adopted or rejected, it may not be reconsidered unless the Conference, by a two thirds majority of the representatives present and voting, so decides. Permission to speak on a motion to reconsider shall be accorded only to two speakers opposing reconsideration, after which the motion shall be immediately put to the vote.

VII. DECISION-MAKING

Rule 36

Consensus

1. The Conference shall make every effort to ensure that all its substantive decisions are taken by consensus.

2. Notwithstanding any measures that may be taken in compliance with paragraph 1, a proposal before the Conference shall be voted on if a representative so requests.

Rule 37

Voting rights

Each State participating in the Conference shall have one vote.

Rule 38

Majority required

1. Unless the Conference decides otherwise, and subject to paragraph 1 of rule 36, decisions on all matters of substance shall be taken by a two thirds majority of the representatives present and voting.

2. Unless the Conference decides otherwise, and except as otherwise provided in these rules, decisions on all matters of procedure shall be taken by a simple majority of the representatives present and voting.

3. If the question arises whether a matter is one of procedure or of substance, it shall be decided by the Conference by a majority of the representatives present and voting.

4. If a vote is equally divided on a decision requiring a simple majority, the proposal or motion shall be regarded as rejected.

5. For the purpose of these rules, the phrase "representatives present and voting" means representatives casting an affirmative or negative vote. Representatives who abstain from voting shall be regarded as not voting.

Rule 39

Method of voting

1. Except as provided in rule 46, the Conference shall normally vote by show of hands, but any representative may request a roll-call, which shall then be taken in the English or French alphabetical order of the names of the States participating in the Conference, beginning with the delegation whose name is drawn by lot by the President. The name of each such State shall be called in all roll-calls, and its representative shall reply "yes", "no" or "abstention".

2. The vote of each State participating in a roll-call shall be inserted in any record of or report on the meeting.

Rule 40

Explanation of vote or position

1. Representatives may make brief statements consisting solely of explanations of vote, before the voting has commenced or after the voting has been completed. The President may limit the time to be allowed for such explanations. The representatives of a State sponsoring a proposal or motion shall not speak in explanation of vote thereon, except if it has been amended.

2. When the same matter is considered successively in several organs of the Conference, the representatives of a State should, as far as possible, explain the votes of their delegation only in one such organ, unless those votes differ.

3. Similarly, explanatory statements of position may be made in connection with a decision taken without a vote.

Rule 41

Conduct during voting

After the President has announced the commencement of a vote, the voting shall not be interrupted until the result has been announced, except on a point of order in connection with the process of voting.

Rule 42

Division of proposals

A representative may move that parts of a proposal be voted on separately. If a representative objects, the motion for division shall be voted upon. Permission to speak on the motion shall be accorded only to two representatives in favour of and to two opposing the division. If the motion is carried, those parts of the proposal that are subsequently approved shall be put to the vote as a whole. If all operative parts of the proposal have been rejected, the proposal shall be considered to have been rejected as a whole.

Rule 43

Amendments

A proposal is considered an amendment to another proposal if it merely adds to, deletes from or revises part of that proposal. Unless specified otherwise, the word "proposal" in these rules shall be considered as including amendments.

Rule 44

Order of voting on amendments

1. When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Conference shall vote first on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon.

2. When the Conference decides, in accordance with rule 42, to consider an extensive text in convenient portions (such as paragraphs or articles), each of these shall be treated as a separate proposal for the purpose of paragraph 1.

Rule 45

Order of voting on proposals

1. If two or more proposals, other than amendments, relate to the same question, they shall, unless the Conference decides otherwise, be voted on in the order in which they were submitted. The Conference may, after each vote on a proposal, decide whether to vote on the next proposal.

2. Revised proposals shall be voted on in the order in which the original proposals were submitted, unless the revision substantially departs from the original proposal. In that case, the original proposal shall be considered as withdrawn and the revised proposal shall be treated as a new proposal.

3. A motion requiring that no decision be taken on a proposal shall have priority over that proposal.

Rule 46

Elections

1. All elections shall be held by secret ballot unless, in the absence of any objection, the Conference decides to proceed without taking a ballot on an agreed candidate or slate of candidates.

2. When candidates are to be nominated, each nomination shall be made by only one representative, after which the Conference shall immediately proceed to the election.

Rule 47

Balloting

1. When one or more elective places are to be filled at one time under the same conditions, each delegation entitled to vote may cast a vote for as many candidates as there are places to be filled, and those candidates, in a number not exceeding the number of such places, obtaining in the first ballot a majority of the votes cast and the largest number of votes shall be elected.

2. If the number of candidates so elected is less than the number of places to be filled, additional ballots shall be held to fill the remaining places. From such ballots the candidates obtaining the least number of votes in the previous ballot may be eliminated on the proposal of the President.

VIII. SUBSIDIARY ORGANS

Rule 48

Main Committees

The Conference shall establish two Main Committees (First and Second Committee) on which each State participating in the Conference may be represented.

Rule 49

Working groups

The Conference and the Main Committees may establish working groups. In the establishment of working groups, account shall be taken of the availability of conference-servicing facilities.

Rule 50

Officers

1. Each Main Committee shall, unless it decides otherwise, elect a Vice-Chairman-cum-Rapporteur.

2. Each other subsidiary organ shall elect such officers as it considers necessary.

Rule 51

Procedures

The rules relating to officers (rules 6 to 9), the secretariat of the Conference (rules 13 to 15), the conduct of business of the Conference (rules 18 to 35), decision-making (rules 36 to 47) and other participants and observers (rules 60 to 66) shall be applicable, mutatis mutandis, to the proceedings of committees and working groups, except as these may otherwise provide and except that:

(a) The chairmen of subsidiary organs other than Main Committees may exercise the right to vote;

(b) The Chairman of a Main Committee may declare a meeting open and permit the debate to proceed when representatives of at least one quarter of the States participating in the Conference are present, and the Chairman of any subsidiary organ of limited membership may do so when representatives of a majority of its members are present;

(c) Decisions of Main Committees and working groups shall be taken by a majority of the representatives present and voting, but the reconsideration of a proposal shall require the majority established by rule 35.

IX. LANGUAGES

Rule 52

Languages of the Conference

Arabic, Chinese, English, French, Russian and Spanish shall be the languages of the Conference.

Rule 53

Interpretation

1. Speeches made in a language of the Conference shall be interpreted into the other such languages, unless such interpretation has not been requested by the representative of any State participating in the Conference.

2. A representative may speak in a language other than a language of the Conference if the delegation concerned provides for interpretation into one such language. Interpretation into the other languages of the Conference by interpreters of the secretariat may be based on the interpretation given in the first such language.

Rule 54

Languages of official documents

Official documents shall be made available in the languages of the Conference.

X. RECORDS AND REPORTS

Rule 55

Records of meetings

1. There shall be neither verbatim nor summary records of meetings.

2. Statements made at the Conference shall not be reproduced in extenso either as separate documents or as an integral part of or attached to any report of a subsidiary organ or of the Conference unless, in exceptional

cases, they are of a technical nature and served or are to serve as bases for discussion and a decision to reproduce them has been taken by the Conference or the organ concerned.

Rule 56

Sound recordings

Sound recordings of plenary meetings of the Conference and of meetings of the Main Committees and the General Committee shall be made and kept in accordance with the practice of the United Nations. Unless otherwise decided by the organ that established a working group, no such recordings shall be made of the meetings of the latter.

Rule 57

Report of the Conference

1. Unless the Conference decides otherwise, it shall issue a report on the debates in the plenary and in the two Main Committees of the Conference, subject to the provisions of rule 55, paragraph 2.

2. Unless the Conference decides otherwise, the draft of a report shall be prepared and submitted to the Conference by the Rapporteur, who may be assisted by "friends" designated by each regional group the members of which are participating in the Conference. Unless the Conference decides otherwise, the Rapporteur, in consultation with his "friends", may authorize corrections to and editorial changes in the report adopted by the Conference.

XI. PUBLIC AND PRIVATE MEETINGS

Rule 58

General principles

1. The plenary meetings of the Conference and the meetings of the Main Committees shall be held in public unless the organ concerned decides otherwise.

2. Meetings of other organs of the Conference shall be held in private unless the Conference or the organ concerned decides otherwise.

Rule 59

Communiqués on private meetings

At the close of a private meeting, the Conference or the Main Committee concerned may issue a communiqué to the press through the secretariat of the Conference.

XII. OTHER PARTICIPANTS AND OBSERVERS

Rule 60

Representatives of organizations that have received a standing invitation from the General Assembly to participate in the capacity of observers in the sessions and work of all international conferences convened under its auspices

Representatives designated by organizations that have received a standing invitation from the General Assembly to participate in the sessions and work of all international conferences convened under its auspices have the right to participate as observers, without the right to vote, in the deliberations of the Conference, its Main Committees and, as appropriate, any working group.

Rule 61

Representatives of national liberation movements

Representatives designated by national liberation movements invited to the Conference may participate as observers, without the right to vote, in the deliberations of the Conference, its Main Committees and, as appropriate, any working group on any matter of particular concern to those movements.

Rule 62

Representatives of the specialized and related agencies */

Representatives designated by the specialized and related agencies may participate as observers, without the right to vote, in the deliberations of the Conference, its Main Committees and, as appropriate, any working group on questions within the scope of their activities.

Rule 63

Representatives of other intergovernmental organizations

Representatives designated by other intergovernmental organizations invited to the Conference may participate as observers, without the right to vote, in the deliberations of the Conference, its Main Committees and, as appropriate, any working group on questions within the scope of their activities.

Rule 64

Representatives of interested United Nations organs

Representatives designated by interested organs of the United Nations may participate as observers, without the right to vote, in the deliberations of the Conference, its Main Committees and, as appropriate, any working group on questions within the scope of their activities.

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*/ Organizations that have a relationship agreement or an established relationship with the United Nations, such as the International Atomic Energy Agency, the World Tourism Organization and the General Agreement on Tariffs and Trade.

Rule 65

Representatives of non-governmental organizations

1. Non-governmental organizations invited to the Conference may designate representatives to sit as observers at public meetings of the Conference and its Main Committees.

2. Upon the invitation of the presiding officer of the Conference body concerned and subject to the approval of that body, such observers may make oral statements on questions in which they have special competence.

Rule 66

Written statements

Written statements submitted by the designated representatives referred to in rules 60 to 65 shall be distributed by the secretariat to all delegations in the quantities and in the languages in which the statements are made available to the secretariat for distribution, provided that a statement submitted on behalf of a non-governmental organization is on a subject in which the organization has a special competence and is related to the work of the Conference.

XIII. AMENDMENT AND SUSPENSION OF THE RULES OF PROCEDURE

Rule 67

Method of amendment

These rules of procedure may be amended by a decision of the Conference taken by a two thirds majority of the representatives present and voting, after the General Committee has reported on the proposed amendment.

Rule 68

Method of suspension

Any of these rules may be suspended by the Conference provided that 24 hours' notice of the proposal for the suspension has been given, which may be waived if no representative objects. Any such suspension shall be limited to a specific and stated purpose and to a period required to achieve that purpose.

Rule 69

Other procedural matters

Any procedural matter not covered by these rules shall be settled in accordance with the rules and practices of the General Assembly.

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TRADE AND DEVELOPMENT BOARD

Intergovernmental Group on the
Least Developed Countries
Seventh session
(Preparatory Committee for the
Second United Nations Conference
on the Least Developed Countries)
Geneva, 26 March 1990

ELEMENTS FOR A PROGRAMME OF ACTION FOR THE 1990s FOR THE LEAST DEVELOPED COUNTRIES

Note prepared by the UNCTAD secretariat

GE.90-50197/1512B

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INTRODUCTION

1. The category of least developed countries (LDCs) 1/ is a special case of the general problem of development. It is distinct in the nature and degree of the structural handicaps impeding national development efforts and the capacity to adapt to the international economic environment; it is in consequence deserving of special international attention and support; and it is manageable in terms of the international effort and contribution required to ensure that support.

2. The distinctness of the LDCs does not lie in the poverty of their people. Wretched though that is, it is a plight shared with greater numbers of people in other developing countries. The common factor which characterizes the LDCs is the weakness of economic, institutional and, ultimately, human capacities - a weakness which is compounded in many cases by geophysical disadvantages and often by environmental degradation. 2/ This condition results in the stunting of growth and development. It constricts the capacity to respond to opportunities for beneficial participation in international trade and investment flows. It accentuates vulnerability to natural disasters and external economic shocks. It even impairs access to the benefits of measures of development co-operation aimed at the developing countries as a whole. This is not to say that all other developing countries are strong, adaptable and invulnerable but rather that the scale of obstacles to development faced by LDCs far exceeds their potential capacity to overcome them without international support.

3. These obstacles, present in different combinations in different LDCs, include:

- Inadequacy of domestic savings capacity, arising in particular from the extremely low per capita GDP levels and from the very limited financial network;

- Lack of trained and skilled manpower, coupled with an undeveloped indigencus private sector;

- Poor physical and institutional infrastructure;

- Low productivity, notably in agriculture;

- Small domestic markets in terms of purchasing power;

- Lack of articulation between the external sector and the rest of the national economy;

- Remoteness from main trade centres; and,

- Limited capacity to design and implement programmes and projects for foreign assistance.

4. Moreover, LDCs occupy a particularly disadvantaged position in world economic relations. Their weight in the world economy, as measured by their share in world trade and in total financial flows, is marginal. In the

international division of labour, most LDCs export a narrow range of traditional primary commodities, for which demand is income-inelastic and markets are undermined by persistent over-supply conditions. At the same time, although large sectors of their economies operate in the isolation of near-subsistence, their monetized economies are increasingly dependent on imports of technology, manufactures and, what is more dramatic, food. Their leverage to negotiate technology contracts profitably and to secure access to international capital markets is insignificant.

5. For these countries, sound national strategies and policies to promote self-sustained growth and development, and thereby eradicate poverty, remain absolutely necessary but will not succeed without a supportive and predictable international economic environment and without adequate, well-targeted, and sufficient measures of international support. Concessional development assistance (ODA) is a particularly vital element of such support. The case of LDCs is thus a challenge which calls for the unrelenting commitment both of the Government and people of each of these countries and of the international community as a whole. It is to this challenge that the second United Nations Conference on the LDCs is expected to respond.

PART ONE: LEARNING FROM THE PAST

I. The record during the SNPA for the 1980s

6. In 1981, a Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) was adopted in Paris by the first United Nations Conference on the LDCs with a view to transforming the economies of these countries towards self-sustained development, and enabling them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing and education as well as job opportunities to all their citizens, and particularly to the rural and urban poor. In this decade of the Substantial New Programme of Action for the LDCs, however, through which national and international efforts on behalf of these countries were supposed to be intensified, the GDP growth rate attained by the LDCs as a whole has been lower than that recorded in the preceding decade. More disappointingly, this growth rate, unlike that of the 1970s, is below that of population, thus implying a deterioration in per capita terms.

- General under-achievement

7. Thus, on the average, and in most cases, SNPA targets have been stranded by under-achievement. The SNPA had set an annual GDP growth target of 7.2 per cent for the LDCs: the actual average rate has been 2.2 per cent. The SNPA had set an annual growth target of 4 per cent for agricultural production: the actual rate has been 2 per cent, thus leading to increased food import dependence. The SNPA had called for manufacturing output in the LDCs to grow at an annual rate of at least 9 per cent: the actual rate has been 2 per cent, less than half of the growth rate reached during the 1970s. The SNPA had called for the eradication of illiteracy in these countries: the absolute number of illiterates continues to be on the rise. The SNPA had called for ODA to LDCs to reach 0.15 per cent of donors' GNP: their actual contribution represents 0.09 per cent of their total GNP. What is more disturbing, the 0.09 per cent figure represents the ODA provided to the present list of 42 LDCs (with a population of 413 million), whereas the 0.15 per cent target had been set for the 31 countries in the LDC list at the time of the first United Nations Conference on the LDCs in 1981 (with a current population of 348 million). And while aid has lagged behind the needs of LDCs, their trade deficits, debt burden and fiscal imbalances have been growing beyond the proportions previously experienced.

8. At the same time, the marginalization of the LDC group in the world economy has in fact become more accentuated over time, with their share in world exports amounting to merely 0.3 per cent in 1988, as compared to 1.4 per cent in 1960.

9. Within this generally dismal picture, however, some LDCs managed to achieve GDP growth rates above population expansion, and five of them achieved an average GDP annual growth higher than 6 per cent in 1980-1987. 3/ Average annual growth of agricultural production was above 4 per cent in six LDCs 4/ during 1980-1988. As regards manufacturing output, four LDCs met or surpassed the annual SNPA target of 9 per cent during 1981-1989. 5/ Five out of 36 LDCs 6/ for which data are available have succeeded in maintaining gross domestic savings rate above 10 per cent of GDP during 1980-1987.

- Features of high growth performances

10. The capacity to generate foreign exchange through items other than traditional commodities appears as the strongest single common feature of the LDCs having achieved relatively high GDP growth rates during the 1980s. All of the five LDCs having registered GDP per capita growth above 6 per cent during the 1980s have non-traditional items as the main source of foreign exchange earnings. Apart from this common feature, this sub-set of LDCs does not present any other major common characteristic, be it continental location, size of the country, geographical situation, environmental strength, or even relative weight of the debt and debt-service burden.

11. The capacity to generate foreign exchange otherwise than through traditional commodities appears, therefore, to be necessary. But it is not a sufficient condition for high GDP growth in LDCs: some other LDCs have non-traditional items as the main source of foreign exchange earnings, and yet they have not attained high GDP growth during the 1980s.

12. Moreover, high GDP growth connected to growth of foreign exchange earnings does not automatically strengthen the national economy: the beneficial effects of high GDP growth do not permeate all sections of the national economy of the LDCs concerned. In four out of the five countries, the manufacturing sector contributes far less than 10 per cent of GDP, and in all of them agricultural production during the 1980s has been below population growth.

- Conclusions

13. In sum, therefore, the 1980s can be considered in general as a period of setbacks and retrogression. Most LDCs have had to cut back imports, to abandon national development programmes and to undergo a process of forced adjustment with austerity. The ensuing fall in investment and the deterioration of productive capacity and physical infrastructure have impaired LDCs' ability to resume growth and development and to meet the basic needs of their population. Their serious economic and social problems have been aggravated, and the modest gains of past economic development, eroded. Finally, a phenomenon which is acquiring increasing importance in the LDCs, and to which serious attention will have to be devoted, relates to the vicious circle which operates therein between overall poverty, population growth and environmental degradation.

II. The causes of the general record of the 1980s

A. Adverse external environment

14. Contrary to LDCs' requirements and expectations, the international economic environment of the 1980s has been detrimental to them. Fluctuations along a declining trend in world prices for many raw materials have weakened LDCs' export earnings and their import and debt-servicing capacity. Since prices of goods imported by the LDCs continued to rise, the terms of trade of the LDCs worsened, thereby reducing import capacity further. Export earnings instability has added to the difficulties experienced by LDCs in regard to their external trade. LDCs, moreover, are now facing a debt-service burden

whose real value could not have been anticipated at the time the debt was contracted. All this has condemned the LDCs to expanding export volumes while simultaneously reducing import volumes. Despite tariff preferences granted to LDCs, trade barriers have in some cases affected actual and potential exports and discouraged diversification. Technological change and structural transformation at the international level are steadily reshaping the world economy, but LDCs have remained outside that process, thereby risking further marginalization. The case of LDCs which enjoyed relatively high rates of GDP growth - examined above - does not contradict, in fact tends to support, the conclusion that LDCs are extremely dependent on markets which they cannot influence.

15. In addition, real resource transfers declined by more than a quarter in the 1980s. This has created a serious budget problem in the LDCs where there is a close link between these flows and the budgetary position. The result has been, of necessity, significant cuts in public spending, cuts which have fallen mainly on public sector investment and on social spending.

16. All these external problems are faced in common with other developing countries. Nevertheless, the special case of the LDCs has not received the full attention that it deserves in the response of the international community. Some major international institutions do not yet recognize the LDC category either in their assistance policy, or in the compilation and presentation of statistical information. This militates against their designing programmes and measures targeted at this category of countries.

B. Policy shortcomings

17. The domestic causes of this lack of achievement are no less important. While the mix of causes varies from country to country, the following shortcomings in regard to long-term structural changes as well as in macro-economic policies are fairly typical. Development objectives and plans to transform the social and productive basis have often remained on paper, as they have not been buttressed by adequate implementation mechanisms and institutions. Sound environmental management continues to be deferred, partly by lack of resources to be devoted to this purpose, partly by lack of awareness that it does bring about substantial long-term development benefits. The need to promote rural development has been underestimated, and this has triggered a rapid urbanization process and thus placed an unbearable burden on the urban infrastructure. Income redistribution, land reform and decentralization continue to be viewed as policy options based exclusively on equity considerations, rather than as also inescapable development imperatives having profound efficiency implications. Private sector development in pursuit to national objectives has not always been facilitated by modern investment codes and regulations and by dynamic institutions providing financial, technical and related support. The parastatal sector has not been given the degree of autonomy, or developed the level of effectiveness necessary for the success of national development efforts. Efforts to expand the financial network and to stimulate domestic savings have remained limited, with only a few salient success cases. The development role that women should be enabled to play is hindered by a number of barriers (institutional, cultural and economic). The need to allow the natural talents of people to flourish through, among other things, respect of their human rights has not always been fully understood. Internal civil strife and externally induced

political instability have had an adverse effect on the socio-economic development of a number of LDCs, and military concerns have, in some cases, absorbed a heavy share of national resources.

18. Yet other causes of poor performance have to be sought in the interaction between the domestic and external sectors, notably in the adjustment programmes necessitated by protracted external and fiscal imbalances, which have often been designed and implemented on the advice of multilateral financial institutions. Although necessary to redress unsustainable disequilibria, these programmes have given rise to a number of problems on which national and international action is increasingly focused. Such programmes have not generally succeeded in facilitating long-run development and have achieved, at best, limited success by their own standards. They have typically concentrated on short-term demand management and local demand compression, and thus have led to the deterioration of the provision of basic social services and of the physical infrastructure, introduced a deflationary bias in economies that were already operating at very low levels of output, and, moreover, placed an undue burden on the urban and rural poor. The emphasis, and hopes, placed on stimulating traditional exports, inter alia through devaluation, have neglected the fact that world markets for the commodities concerned are dominated at present by over-supply conditions. While some efforts were made to increase government revenue by reforming the tax system and increasing the efficiency of collection, these objectives were more difficult to accomplish than expenditure cuts, particularly on development investment and social services. Finally, performance criteria applied by multilateral financial institutions to LDCs have so far been related to targets regarding external and fiscal balances and domestic inflation rates, while the implications of such targets for long-run economic development have not been fully taken into account.

III. Pointers for future action

19. The summary analysis presented above shows that the dismal performance of LDCs results from a lack both of coherence in national development policies and of adequate international support to these countries. Against this background, the main conclusions to be drawn for the future can be summarized and classified as follows:

(i) Development policies and programmes implemented by LDC Governments with support from donors should be given continuity and consistency, and resources allocated optimally therein. Key sectors such as rural development, agriculture and training must attract sufficient priority. Greater attention will have to be paid to environmental management.

(ii) Interlinkages need to be built between productive, service and infrastructural activities, and, most of all, between the foreign-exchange-earnings sectors and the rest of the national economy. Export diversification should be actively pursued by LDCs, a policy objective which calls not only for across-the-board measures to enhance international competitiveness but also, and mainly, for concrete measures aimed at fostering the development of selective activities.

(iii) Socio-economic development, including that of the LDCs, requires a framework of rules and co-operative arrangements based on consensus, which broadens access to opportunities for the generation of wealth and income and thereby leads to the full motivation and participation of the national population. Respect of the full range of human rights is an essential element of such framework. While the construction of the framework falls within the responsibility of each country, it is influenced, for better or for worse, by external conditions.

(iv) Given LDCs' structural weaknesses, a favourable and supportive external environment is essential to ensure rapid and sustained growth. Such environment relates in particular to conditions in world commodity markets, international financial support in terms of ODA, debt relief and compensation for export earnings shortfalls, as well as free access and promotion of LDCs' exports in the major world markets.

(v) Official and private financial flows towards LDCs, so crucial to the development of these countries, must be enhanced, and programmes of assistance adequately funded. The orientation of funds should respond not to individual donors' own perceptions but to the particular priorities of individual LDCs. A comprehensive response to debt relief for the LDCs is required from the donors' community in general and from the LDCs' creditors in particular.

(vi) Structural adjustment programmes should be supportive of LDCs' long-term endeavours and adapted to the particular problems, needs and objectives of these countries. Exogenous conditions, such as unpropitious developments in world commodity markets, protectionist trends and natural disasters, should be duly taken into account in the design and review of such programmes, and in the performance criteria applied to these countries by multilateral lending institutions.

(vii) The follow-up mechanisms of a programme of action for LDCs need to be comprehensive and consistent in order to realize the objectives thereof. Country meetings should be organized for all LDCs and should be frequent and regular. The interface between the national development strategies and the various forms of external support must be properly managed.

IV. Reasons for hope

20. Past experience suggests that the generally dismal record of LDCs' performance can be explained largely in terms of inadequate policies and support measures. These inadequacies are reversible, and this is *per se* a distinct source of hope: if man-made action is the major cause of past shortcomings, so can man-made action be *a contrario* also the cause of future success. The case of LDCs is thus a challenge to the commitment both of the Government and people of each of these countries and of the international community as a whole.

21. Encouraging signs start being perceived. LDCs have embarked upon policy reforms, or are in the process of doing so, with a view to enhancing economic efficiency and mobilizing the admittedly limited domestic resources at their disposal. A number of donors are giving increasing attention to least-developed-country status in the design and implementation of their policies for development co-operation. The institutions of the United Nations system, on their part, have been adopting policies and programmes geared to the specific needs of the LDCs. While much remains to be done, there is no doubt that awareness of the special problems and requirements of the LDCs has become more manifest than in the past. The programme of action outlined below is aimed precisely at translating such awareness into concrete, optimal results.

PART TWO: PROGRAMME OF ACTION FOR THE 1990s

I. Basic principles

Principle No. 1: Success depends on a strengthened partnership

22. A programme of action for the 1990s for the LDCs should be aimed primarily at providing an efficient operational framework for accelerated growth and sustained development in the LDCs. The attainment of this overriding objective requires strengthened joint efforts, by LDCs and their development partners, geared towards developing sound strategies and policies and appropriate co-operation and implementation mechanisms.

23. Within this strengthened partnership, the LDCs will have the responsibility of elaborating and implementing development strategies and policies adapted to their individual characteristics. The LDCs' development partners - governmental, multilateral and non-governmental - will in turn have the responsibility of providing adequate support to LDCs' endeavours, taking into account the latter's structural handicaps and weaknesses.

24. These respective responsibilities of LDCs and their partners constitute the basis of the commitments to be taken within the framework of the programme of action. The programme should consequently be built up at the interface between national development policies and international support measures, with the concern of ensuring complementarity and coherence between the two.

Principle No. 2: The LDCs have the responsibility of mobilizing their national resources fully and efficiently

25. Development priorities and ways to implement them will necessarily vary among LDCs according to their specific endowments and needs. However, national strategies should revolve around three major common policy axes:

(a) Adopting sound and realistic macro-economic policies in order to ensure external and domestic economic stability as well as an efficient resource allocation in particular as regards the rate of investment. Structural adjustment programmes have to be consistent with, and supportive of, long-term economic and social objectives as highlighted below in (b) and (c);

(b) Promoting long-term sectoral policies aiming at the development and the integration of the productive base while ensuring a sound management of the natural environment;

(c) Adopting poverty alleviation policies which should not be confined to short-term assistance measures, but designed around social targets and indicators and connected with the policies aiming at expanding the productive base.

26. These three policy axes call for the strengthening of human and institutional capacities in order to ensure an effective management of the development process and to enable all groups of society, especially at the decentralized level, to make their own distinctive contributions. Governments should take policies and provide incentives to ensure efficient management of

the national economy, promote a wide distribution of benefits from development among the community or communities, and create a favourable climate for active participation by all actors in society including entrepreneurs, NGOs, and local and regional entities.

Principle No. 3: The LDCs' development partners have the responsibility of providing external support in adequate volumes and terms

27. On the basis of the national efforts mentioned above, the international community should strengthen its own commitments around the following three axes:

(a) Support to macro-economic policies and structural adjustment;

(b) Support to sectoral policies, (human resource development, rehabilitation and expansion of the productive base including the safeguard of environment); and,

(c) Compensatory measures in case of adverse economic environment.

28. This support implies the following considerations:

(i) It is important to maintain an appropriate balance between the two first categories of support: adjustment financing is necessary but should not detract from investment financing in the social and economic fields.

(ii) Support to sectoral policies should not depend on macro-economic balances; they should be based on the long-term priorities put forward by the countries themselves, and on the quality of the programmes designed accordingly. It is important to stress that a sustainable restoration of macro-economic balances depends on a successful implementation of these sectoral priorities.

(iii) There should be no conditionality on compensatory measures in case of external shocks as LDCs are extremely vulnerable to an adverse international economic environment without having the capacity to influence it. The same should apply to programmes aiming at strengthening the institutional capacity of the LDCs as this plays a vital role in managing both domestic policies and international support.

29. Development partnership and complementarity of commitments guide the basic principles presented above. The elements which follow aim at giving a reference framework for the development of the LDCs in the 1990s. In order to make it operational, they are complemented with follow-up mechanisms which constitute an integral part of the proposed programme of action.

II. The global framework

A. The macro-economic policy framework

30. Accelerated economic growth and long-term development should be the overriding objective of LDCs' macro-economic policies. In pursuing this

objective, account should be taken of the need to maintain or attain external, monetary and fiscal stability and to move ahead in regard to poverty alleviation. The policy package should thus be adapted to the specific circumstances, problems and needs of the individual LDCs. While some progress has been made by multilateral institutions in this respect, there remains a need for further adaptation. The following policy guidelines are aimed at this purpose and should underlie the design and implementation of LDCs' macro-economic programmes, including those negotiated by individual LDCs with multilateral financial institutions such as the IMF and the World Bank:

(i) Wherever external, monetary and fiscal stability has to be restored, the time span of the adjustment process should be sufficiently long to avoid undue adverse consequences on economic growth; and external finance to this effect will need to be provided in adequate volumes and terms.

(ii) A stable and remunerative real exchange rate needs to be maintained, in some cases through devaluation, so as to ensure external balance as well as to foster the establishment and development of a vigorous and competitive export sector, capable of producing a rapid expansion of external earnings.

(iii) The acceleration of economic growth, and in particular the fostering of a modern export sector, will require the restoration and further expansion of the rate of investment, a variable which has been particularly affected by the constraints and conventional wisdom prevailing in the 1980s. This objective should be reflected, in particular, in the determination of the interest rate, which should normally be positive and low in real terms, in the allocation of public funds (notably as regards investment in the physical infrastructure and in social services), and in the tax and other relevant incentives to be provided to the private sector.

(iv) The efficient management of the public sector should be pursued both for ensuring fiscal balance and on economic development grounds. This policy objective calls for greater autonomy and accountability of decentralized authorities and of the management boards of parastatal enterprises. At the same time, measures need to be taken to prevent or correct monopoly behaviour that could arise in particular as regards the pricing of essential goods and services; and such measures may include the liberalization of the entrance by the private sector to the activities concerned.

(v) Subsidies and other incentives should be geared toward promoting the production of essential goods and the development of incipient industries, while preventing the perpetuation of inefficient, uncompetitive activities. Such incentives should, therefore, be limited in time, and a precise time-frame for their phasing-out should be established.

(vi) Price controls other than those imposed against monopoly pricing can be generally considered as an inferior policy alternative to subsidies inasmuch as they tend to discourage production and

investment. Their removal should, therefore, be contemplated but should be phased out and accompanied by measures to compensate the poor for undue harm caused thereby.

(vii) Particular attention needs to be paid to the interlinkages between the different economic activities as well as to the inter-action of sectoral reform with broader macro-economic objectives. Some degree of selectivitity as regards macro-economic instruments thus needs to be introduced or maintained so as to ensure an efficient allocation of resources among alternative activities. Macro-economic instruments should be manipulated so as to foster export diversification and expansion of food and agricultural production, since the incidence of these activities on economic growth and on the external balance is both direct and crucial. Some selectivity in regard to imports will also need to be introduced.

(viii) Measures to improve income distribution, in particular through the tax and price system, through land reform and through the provision of basic social services, should form an integral part of LDCs' macro-economic policies as they have direct repercussions on the ability and motivation of the population to participate fully in the national development endeavours.

(ix) Performance criteria applied to LDCs by multilateral lending institutions need to be adapted to the particular circumstances under which these countries operate. Such criteria should give due priority to the overriding policy objective of the LDCs, namely the acceleration of economic growth and long-term development. Performance criteria could thus embody two different but inter-dependent sets of targets: one set relating to the magnitude of external and fiscal balances and inflation rates to be aimed at (balances variables); a second set relating to rates of national economic growth and investment (development variables). These variables should be drawn up on the basis of an explicit set of assumptions regarding exogenous factors (external environment variables) which affect the ability of the LDC concerned to achieve goals relating to the other sets of variables. The programme agreed with multilateral institutions must constitute a coherent strategy for achieving both sets of targets. An LDC which is undertaking forceful measures of adjustment and reform should be allowed to progress towards the balance targets at a slower pace than originally envisaged if this is necessary to meet the development targets. The programme should also specify the additional external support that would be forthcoming if the exogenous factors turned out to be noticeably worse than assumed.

B. Providing adequate financing

31. A significant mobilization of additional financial resources, both domestic and external, is essential to achieve the objectives of the programme of action and to cater for the long-term development of LDCs.

32. The promotion and effective use of domestic savings is central to sustainable and equitable development progress. However, given the magnitude of LDCs' needs and their limited financial potential, the LDCs will not be able to raise sufficient financing internally in the short and medium term. Thus the success of their development strategy for the 1990s will depend critically, and for an extended period as it will take considerable time before the achievement of desired results, on the magnitude and terms of external financial support these countries will receive. At the same time, foreign assistance should serve to promote domestic growth and to increase domestic savings, so that eventually the LDCs could reduce their dependence on aid.

33. According to UNCTAD projections, the LDCs could reach an annual average growth rate of some 5 per cent in the latter part of the 1990s, if they gradually raise their domestic savings rates to an average of 7 per cent of GDP and if they are at the same time provided an amount of ODA increasing to a level of $36 billion (in 1988 prices) by the year 2000. 7/ (In 1988, ODA to LDCs amounted to $12.3 billion).

1. Mobilization of domestic resources

34. To promote domestic savings, and gradually raise their domestic savings rate, Governments of LDCs should endeavour to adopt sound financial policies and management principles over the whole range of public expenditure including enterprises in the public sector (parastatals); establish and/or expand local financial institutions (e.g. savings banks) to mobilize private savings, provide incentives to stimulate savings, avoid capital flight and encourage the repatriation of capital; ensure a monetary policy conducive to price stability and confidence; provide investment guarantees and joint financing facilities; and broaden the tax base (without discouraging saving and investment).

2. Making available external financial support

(a) Volume of external financial support

35. External financial support to compliment domestic efforts should be both sufficient in terms of volume and efficient in terms of allocation according to LDCs' own development needs and priorities. To meet LDCs' estimated external capital requirements outlined above, donors should endeavour to double ODA to LDCs in the next five years as compared to current levels and aim at providing, on the average, 0.20 per cent of their GNP by the end of the 1990s. 8/

36. In their efforts to secure increased ODA to LDCs, Governments should channel a substantial part of their aid through contributions or bilateral co-financing to existing multilateral agencies providing concessional support to these countries, in particular IDA, IFAD, WFP, regional banks and their funds, UNDP including its Special Measures Fund for LDCs, and UNCDF Programme as well as SAF and ESAF. Multilateral agencies have a crucial role to play in supporting LDCs in the design and implementation of plans and programmes, including sectoral plans. They should consider increasing the share allocated to the LDCs in their programmes.

37. In order to enhance the volume of external financial flows, supportive action to expand private, non-debt creating flows, i.e., direct investment, needs to be taken both by the LDCs themselves, through economic policies and regulatory action conducive to a favourable investment climate, and their development partners, through special incentives for joint ventures, technical assistance, and improved investment guarantee schemes.

(b) Aid modalities and aid effectiveness

38. Limits in absorptive capacity should not constitute a basis for a restrictive approach to the provision of assistance but rather be viewed as a problem inherent to development which needs to be tackled by providing sufficient and appropriate technical and management assistance to LDCs. Institution building, including human resource development, needs to be an integral element of all aid activities.

39. A thorough review ought to be made by development assistance agencies to reorient technical assistance to its original purpose of building LDC capabilities - technical, managerial and institutional. Within the context of agreed programmes, donors and LDC governments should adopt a policy framework for supporting technical assistance.

40. In order to improve aid absorption, local and recurrent cost support needs to be increased. Furthermore, the effectiveness of foreign assistance should be enhanced through:

- A higher proportion of untied aid in the circumstances in which it has a higher cost effectiveness;
- Simplification and standardization of procurement (including tendering) and disbursement procedures (in all ODA-funded procurements, local enterprises should be given preference);
- Increased grant element in financial assistance packages;
- Full use of existing multilateral and bilateral mechanisms for providing small-scale technical and financial assistance;
- Multi-year programming of assistance in order to improve predictability;
- Joint programming by donors; and,
- Improved aid co-ordination. 9/

41. Adequate levels of fast-disbursing programme assistance ought to be provided, to the maximum extent possible, in line with the World Bank's procedures for simplified procurement and disbursement procedures adopted as part of Bank supported co-financing of the Special Programme for Assistance (SPA).

42. The role of NGOs in enhancing absorptive capacity, and in assisting in an efficient allocation of resources, deserves to be recognized and encouraged.

3. Debt relief

43. Many LDCs face serious debt problems, which constitute a major hindrance to their development plans. In view of the essential fungibility of all types of debt relief and resource flows, the provision of new development assistance and of debt relief needs to be holistically conceived.

44. Debt service payments should not absorb more than a small proportion of new financial flows. To that end, each debt-distressed LDC should be entitled to benefit from a package of measures focusing on debt reduction, specifically tailored to its individual requirements. Such package would include:

- A comprehensive implementation of UNCTAD resolution 165 (S-IX) which should lead to the writing-off of ODA debt and should involve all creditor countries; and

- Greater use and improvement of the Toronto options by: widening eligibility to include all LDCs; encouraging the maximum of concessional options by creditor Governments, both the participating and non-participating in the Paris Club; enhancing the grant element of the measures; widening the coverage of consolidation to 100 per cent of Paris Club obligations; and applying multi-year rescheduling.

45. Possible ways (including interest subsidy schemes and other new instruments) of alleviating the burden of debt service obligations to the multilateral institutions themselves, while safeguarding the credit worthiness of these institutions, should be urgently studied and instituted. An increased number of effective support groups of donor countries, endowed with adequate financial resources, should be established to help LDCs clear arrears to multilateral institutions.

46. Consideration ought to be given by the IMF to the possibilities of rolling over a part of an LDC's arrears through recourse to its resources, in order to allow such countries to have access to fresh loans or rescheduling of debts on concessional terms, provided that the country concerned gives a reasonable assurance of compliance with the Fund-monitored adjustment programme.

47. In order to reduce debt to private (bank) creditors, use ought to be made of buy-back and conversion schemes, possibly with the support from international financial institutions, e.g., through the World Bank Debt Reduction Facility (DRF). A strengthening of the DRF, as well as bilateral support, might be required for this purpose. Commercial creditors should also be persuaded to participate in "debt for nature" or "debt for development" swaps under the aegis of official aid agencies, or with non-governmental development institutions, or to waive debt service payments directly in favour of debtor LDCs.

48. An integrated approach to debt relief and aid efforts calls for closer co-ordination between the Paris Club on the one hand, and the UNDP and World Bank consultative groups on the other hand. LDCs could request consideration of their debt problem by a broad group composed of donor and creditor Governments (with officials of ministries concerned), multilateral

financial institutions, and commercial banks where these are important creditors. This group, which could take the form of an enlarged consultative group or round table, would endorse the magnitude and composition of the LDCs' development programme, its external financial requirements as well as its need for debt relief; and it would submit its recommendations with regard to official bilateral debt relief to the Paris Club.

C. Supporting LDCs' external trade

1. Support to diversification

49. LDCs' diversification and export promotion efforts will be wasted unless they are buttressed by appropriate international support. Given the very fragile economic structure of LDCs and their extremely weak industrial and export base, the developed countries should intensify the adoption of specific policies and measures aiming at facilitating the diversification of the LDCs' economy and the improvement of their export capacity. Such support may be provided through national import promotion offices. The second window of the Common Fund should provide further opportunities to the LDCs in this regard.

2. Access to markets

50. The developed countries should improve market access for products originating from the LDCs. To this end, they should eliminate as soon as possible all tariff and non-tariff barriers on all products of actual and/or potential export interest to LDCs.

51. Within the framework of multilateral trade negotiations, special treatment in favour of LDCs should be given, including in particular: (i) advanced implementation in favour of LDCs of all MFN concessions made by contracting parties in GATT, (ii) fullest liberalization of trade in textiles and clothing for LDCs, (iii) special and differential treatment in favour of LDCs in the case of tropical products and other sectors of special interest to them; (iv) granting GSP beneficiary status to all LDCs, improving product coverage and extending GSP for a sufficiently long period to allow LDCs to embark upon long-term investment programmes; and (v) special flexibility in the application of rules of origin in the case of LDCs.

52. Export promotion is also relevant to markets of neighbouring States or States forming part of integration groupings. Therefore, preferential measures in favour of LDCs need to be considered in the context of bilateral agreements with their neighbours, as well as regional and subregional economic groupings of developing countries. Consideration should be given to providing more liberal rules of origin and increased commodity coverage to LDCs under the Global System of Trade Preferences (GSTP), as well as provision of special transit facilities and freight rates for land-locked and island LDCs.

3. Compensatory financing

53. While diversification is a crucial objective which requires a long-term effort for the LDCs, for the short term, there is a need for compensatory finance to absorb shortfalls and avoid disruption. To that end, ways and means to facilitate LDCs' access to existing compensatory schemes, particularly the IMF's CCFF, should be explored. Moreover, consideration

should be given to setting aside additional resources to provide more automatic compensation for LDCs' export earnings shortfalls, including to the possibility of non-EEC members setting up, exclusively for the LDCs, a scheme similar to STABEX, which could be administered by a major financial institution such as IMF.

D. Strengthening co-operation between LDCs and other developing countries

54. Economic co-operation among developing countries (ECDC) constitutes an important framework for supporting the development efforts of the LDCs. Therefore, this type of co-operation should be strengthened at both the regional and subregional levels in the 1990s. ECDC should extend to various areas, including a better access to regional markets through the granting of preferential treatment, as far as possible, for goods produced by LDCs, the promotion and expansion of joint ventures, the improvement of sources of imports through joint procurement facilities. Such co-operation arrangements should also ensure improved transit-transport facilities for land-locked LDCs.

III. Mobilizing human capacities in LDCs

55. Human resources mobilization in LDCs should promote socio-economic development through the development and integration of the productive base, ensuring thereby significant gains in economic productivity. Policies aimed at mobilizing the human resources of the LDCs during the 1990s should focus on two main areas: (i) the involvement of all groups in the development process; (ii) the strengthening of human capital, in particular through the access of the population to basic social services.

A. The involvement of the actors

56. It is important to promote measures aimed at increasing the motivation and the opportunities of all social and economic actors, public and private, to fully participate in the development process of the LDCs. Particular attention should be given to measures improving the institutional capabilities in public administration, enabling the private and public enterprises to foster productive activities and encouraging NGOs in their local, community-based initiatives.

1. Improving the institutional capabilities

57. The LDCs need to undertake measures aimed at improving their institutional capabilities for the formulation and management of macro-economic and sectoral policies as well as for the creation of an environment propitious to the development of the public and private sectors. The improvement and expansion of the institutional capability of the LDCs should be complemented by steps towards a higher degree of decentralization within the decision-making system in order to increase the responsiveness to the needs of the population and facilitate local participation in planning and implementation of development activities.

2. The role of public enterprises

58. As entrepreneurial capacity and private capital are scarce in LDCs, public enterprises may need to take a leading role in initiating specific economic activities, notably those considered to be strategic from the growth or social-welfare point of view. There is, therefore, need for pragmatic approaches to balance public and private sector involvement, and to encourage closer co-operation between these two sectors in particular through joint ventures.

59. The prime objective of policies affecting the public sector should be a marked increase in efficiency and productivity of State enterprises and State marketing boards, enabling them to operate on a competitive basis. Pertinent policy measures should include the establishment of clear mandates, objectives and accounting procedures, the enforcement of financial discipline, the creation of an adequate incentive and career structure to attract and retain qualified and trained staff, and the adoption of measures to enhance the accountability and managerial autonomy of management boards.

3. The role of the indigenous private enterprise sector

60. The development of small- and medium-size enterprises as well as industrial co-operatives needs to be stimulated and motivated. General policies aimed at creating a more favourable economic environment for indigenous private entrepreneurs should entail appropriate fiscal, financial and credit policies as well as provide legal provisions promoting and protecting private investment. Specific programmes for enterprise development should address the promotion of small-scale ventures and micro-enterprises within the informal sector and the development of entrepreneurial skills. In this connection, high attention needs to be given to the promotion of small-scale rural enterprises which base their productive activities on local raw materials, thus capitalizing on local comparative advantages, stimulating rural industries and helping check the rural exodus through absorption of excess rural labour.

4. The role of NGOs

61. The effectiveness of NGOs in promoting participatory development, which in recent years has been increasingly recognized, can be enhanced by the establishment of mutually-agreed principles guiding relations between them and governmental and United Nations system institutions. While NGOs should work within the strategies and policies designed by national Governments aimed at improving the well-being of all citizens, their specific role in formulating programmes and projects in light of the expectations of grassroots communities should be respected. Mechanisms at the country level should also enhance co-ordination of operational activities and provide opportunities for a dialogue on development priorities and policies between public authorities and non-governmental organizations. The multilateral system should assist this process of improved dialogue and operational co-operation.

62. Developed-country NGOs have an important contribution to make in respect of institution-building of LDC NGOs. They should work with and through locally-established partners in order to avoid transplanting concepts and ideas which are inappropriate to the cultural environment of LDCs.

Developed-country NGOs also have a responsibility in mobilizing support, in their respective countries, for the strengthening of LDC NGOs and non-governmental activities, as well as in influencing, through their advocacy work, policies concerning major international issues affecting the development of LDCs.

B. The strengthening of human capital

63. Three areas play a key role in strengthening the human capital in the LDCs: population, health services, education and training. On t s basis and in the frame of the follow-up of the programme of action, it is expected that each individual LDC formulates measures and programmes with social objectives and targets corresponding to their specific situation and needs. In this context, the bilateral agencies as well as the United Nations institutions would be called upon in order to assist the LDCs in designing and implementing the programmes, and to provide financial and technical support accordingly.

1. Population policies

64. In most LDCs, the high rate of population growth is a fundamental problem, adversely affecting their efforts to alleviate poverty, the allocation of economic resources and the quality of the natural environment. It therefore will be of utmost importance for the Governments of LDCs to turn around the alarming trend in population growth in the 1990s through the promotion of voluntary population control measures and the provision of appropriate support.

65. As a minimum, the LDCs should aim at reducing the average number of children born per woman to a level which is commensurate with achieving the medium variant population projections of the United Nations for individual LDCs. Pertinent strategies should stipulate a feasible time framework and practical measures for attaining this objective, provide stronger political and financial support for population policies and programmes as well as outline measures to enhance the status of women in economic and social life. Governments should launch vigorous innovative and comprehensive information and education programmes on family planning, taking into account the specific concerns of women. These programmes should be disseminated through mass media as well as at schools, universities, health centres and at work places. In addition, population strategies must be linked to programmes on health, education, housing and employment. Thus, population policies should be considered an integral part of national development strategies.

2. Education and training

66. The policies of LDCs with regard to education and training should be designed around three major objectives: universal primary education, vocational training and the improvement of management skills. To this end, the LDCs will have to make sustained efforts to stop the progressive erosion gripping the education sector and renew their commitment to combating illiteracy. Furthermore, the objective of universal primary education implies the reduction, and ultimately the elimination, of disparities in education levels between rural and urban areas as well as between sexes. As for

post-primary education, the LDC Governments need to introduce incentives with a view of increasing the attractiveness of critical subjects, including management skills, engineering, agricultural science and technical occupations.

67. Each LDC should therefore formulate a strategy for the enhancement of education and training standards of its population, specifying both intermediate steps and precise schedules as well as the resources required for attaining these goals.

3. Health

68. Without profound improvements in health standards prevailing in the LDCs, other measures of social and economic development will remain to a great extent ineffective.

69. Priority tasks in the LDCs' efforts to attain the objectives of the Global Strategy for Health for All by the Year 2000 as adopted by WHO, should be the strengthening of primary health care, the implementation of expanded immunization programmes and the reduction of infant and child mortality. This approach may even entail the diversion of resources away from high cost medical institutions and their reallocation to primary health care centres, thereby especially favouring the rural network of the primary health care system.

70. Government efforts in the health sector will be facilitated by a greater emphasis on preventive measures including health education, the provision of safe drinking water and the improvement of maternal and infant protection. As regards this last point, safe motherhood programmes should be implemented, including adequate care and nutrition - pre-natal as well as both during the period of pregnancy and at childbirth.

IV. Modernization and integration of the productive base

71. Most of the LDCs, on one side, depend for their export earnings on commodities the demand for which is weak, the international market characterized by over-supply and the prospect bleak; on the other side their share of imported food in domestic consumption has been increasing. This trend raises a basic strategic question for policy makers: what should be the engine for growth in future development policy and what changes need to be introduced in the pattern of production?

72. The strides in which individual Governments wish their country to advance, needs to be determined by each Government itself. Contingent on various factors, including resource endowment, size of market and population as well as institutional capabilities, quantitative targets for the rate of growth of GDP and of productive sectors should be notified by LDC Governments and form an integral part of individual development plans and programmes on which these Governments should base their discussions with donors in bilateral contacts or at meetings of UNDP round tables and World Bank consultative groups as stipulated in the arrangements for follow-up actions for this Programme.

73. Nevertheless, a basic endeavour for LDCs would be to increase food security through increased food production and to reduce their dependence on primary commodity products which are impairing the performance of the commodity sector in terms of export earnings. Policies in this regard cannot be successful without particular efforts to strengthen the infrastructure and to arrest the deterioration of the environment. Special attention has to be given to landlocked and island countries.

A. Rural development and modernization of agricultural production

74. Prime among the transformational objectives of the LDCs will be the need to increase agricultural output, particularly food production. Thus, apart from very small LDCs lacking the natural basis, the move towards significant progress in food self-sufficiency continues to be a priority objective of LDCs. Diversification of the agricultural base through development of horticulture, fisheries, livestock and forestry remains crucial for enhancing the purchasing power of farmers, for augmenting the supply of protein to improve nutritional intake and for ensuring export diversification and expansion.

75. The particular attention given to food production in national development strategies should become manifest both in the co-ordinated approach to all aspects of food production and distribution, nutrition and national food security and in investment decisions affecting the agricultural sector and agro-based industries. Efforts concentrated on only one factor of production would fail to succeed. LDC Governments thus should, with the assistance of donors and relevant international agencies, formulate and implement policy packages which address the broad range of issues related to agricultural production including research and extension work, land reform, access to inputs and credit facilities, price policies, the role of marketing boards and storage and distribution facilities. The international community will need to assist LDC Governments in developing agricultural support systems, i.e. research, storage, marketing, and transport infrastructure including measures to enhance local capacity to manage such services.

76. Within their agricultural development programmes, the LDCs should provide greater support to small-scale farmers and peasants, who represent the large majority of agricultural producers in the least developed countries. Their success, or failure, has a direct impact upon the well-being of the mass of the rural population. Equally important, smallholders are the major producers of food crops and, thus, bear a crucial importance for the attainment of national food security. Women, who play a major role in food production, should not be discriminated against, in particular in laws and regulations related to access to credit and land tenure.

77. Efforts to promote agricultural production should be supported by policies designed to enhance rural development. These policies would relate to the promotion of rural co-operatives, the establishment of agro- and other small-scale industries in rural areas, the development of rural infrastructure in particular transport, the introduction or expansion in rural areas of services hitherto available mostly in towns (health, education and training activities, shops), and environmental management.

78. Indeed, rural development constitutes an essential element of any attempt to significantly raise both agricultural output and farmers' incomes as well as to induce a process of accelerated structural transformation of the economy of the LDCs. Moreover, rural development is also essential for checking the anarchic exodus of the rural population towards urban areas, an exodus that imposes a heavy burden on the already weak urban infrastructure.

B. Rehabilitation and expansion of the industrial, service and technological base

79. The strategy of the LDCs with regard to non-agricultural sectors should focus on three major objectives: rehabilitation and modernization of existing production facilities, expansion of the productive potential in line with available resources and internal and external market prospects and the diversification of their productive base. Depending on the local circumstances, LDCs should also promote the development of the service sector.

80. In their industrialization programmes LDCs should promote the complementary, simultaneous development of the rural economy so as to ensure sustained purchasing power for the local absorption of industrial output, while establishing an assured supply base of agro (and mineral) inputs for industry. Increased attention should be accorded to regional markets so as to pre-empt constraints on purchasing power imposed by small domestic markets and low per capita income. Particularly in LDCs with small markets, the promotion of industries with the potential to exploit niches in export markets could parallel attempts to devise selective import substitution.

81. Individual LDCs have to determine, on the basis of their specific economic base and of world market prospects for their actual and potential exports, how to reduce the dependence on traditional commodities and what could be the appropriate degree of export orientation of their domestic economies. At the same time, the possibilities - however limited - of import substitution need to be carefully considered. Effective and supportive tax régimes, adequate exchange rates and some element of subsidy to encourage infant exporters should form part of the policy measures to be taken in this area. Export-processing zones, sub-contracting activities and foreign-exchange-generating services (tourism, banking, ports and communications) will have to be promoted, including, as appropriate, by encouragement of foreign direct investment therein. Links with major marketing chains of the industrialized world will have to be established.

82. At the same time, in order to draw more resources from the export of existing commodities, LDCs should take steps to improve quality and presentation, processing, marketing, distribution and competitiveness.

83. To transform this productive base and to be competitive on international markets, LDCs have to strengthen their capacity to innovate and to absorb technological changes. To this end, the LDCs should, in collaboration with their development partners, increase their effective control over the choice of technology. Rather than implanting foreign technologies without adequate regard whether to resource costs or to local factor endowments, the LDCs should opt for solutions that are adequate to their real needs and facilitate the development of indigenous technologies. Policies should be conceived to

support the development of: (a) research capabilities directed towards the improvement of local production and processing techniques, so that natural products remain competitive; (b) selective research on new techniques and on how to develop and utilize them; and (c) scanning capabilities to learn more about technological changes under way. In this context, particular attention should be given to the economic impact and potential of the development of biotechnologies, in particular as regards agriculture and agro-based industries of the LDCs.

C. Infrastructure, environment and disaster mitigation

1. Infrastructure

84. In order to secure lasting and high benefits from investments in productive sectors, the LDCs will have to complement their investment efforts by measures aimed at maintaining and expanding the physical infrastructure. Their action should centre on a two-pronged objective: rehabilitation of existing facilities, and expansion into new areas. They will thus have to strike a balance between the attraction of new investment in this sector and the need for maintenance. Furthermore, in strengthening the physical infrastructure, particular attention should be given to resisting the impact of natural hazards. Due to the geographical situation of land-locked and island LDCs, these LDCs should attach particular attention to the improvement of their transportation and communication links.

2. Sound management of the natural environment

85. The protection and improvement of the natural environment will require several major categories of measures: (i) education and mobilization of the entire population, in both rural and urban areas, aimed at enhancing awareness of the economic benefits of environmental protection as well as at providing information on the types of behaviour and activities that would prevent, or at least minimize, environmental deterioration; (ii) economic incentives to motivate better environmental management, and high efficiency of energy use; (iii) linking programmes of social development, including poverty alleviation and participation of economically disadvantaged groups, to programmes of environmental improvement and management; (iv) programmes aimed at both preserving the environment and meeting the specific concerns of women, such as energy-efficient technologies for cooking.

86. To this effect, there is a need to build up LDCs' capacity to identify environmental problems, assess mutual linkages between development and environment trends and prepare national environmental management plans on conservation strategies. National early-warning and forecasting mechanisms should be strengthened, and the LDCs should be granted easy access to relevant international mechanisms, including those operating under the auspices of United Nations organizations such as UNEP, WMO and FAO.

3. Disaster mitigation

87. Natural disasters continue to cause heavy losses of human lives and property with particularly severe and lasting impact on the national economies of the LDCs. Furthermore, the magnitude of future losses will inevitably increase as population pressure leads to the occupation of even more

vulnerable areas. Considerable knowledge exists of techniques for minimizing the impact of disasters, which have not yet been systematically applied in the majority of the LDCs. Each country will need assistance to create or improve its capacity to identify the most probable future disaster scenarios, to establish appropriate protective measures and contingency plans, and to ensure that local community leaders and the population in general know how and when to apply these measures. Disaster mitigation activities should be integrated into new development projects, in particular those being prepared within the next UNDP programming cycle.

88. It is important not only to create the political will and institutional capacity at government level to engage in disaster mitigation, but also to stimulate among the population in general a clear perception of the benefits of disaster preparedness and prevention. These issues are receiving priority attention among the early activities of the International Decade for Natural Disaster Reduction. Pilot projects to promote a coherent approach to disaster mitigation should be initiated in the most disaster-prone LDCs in line with the General Assembly guidelines on the International Decade for Natural Disaster Reduction.

D. Coping with special problems of certain groups of LDCs

1. Land-locked least developed countries

89. Altogether 15 of the 42 LDCs 10/ are land-locked. This geographical handicap adds to the innate problems of structural deficiencies by impairing the capacity of these countries to conduct international trade. In order to lessen the negative effects related to land-lockedness on development, these countries will need to materialize a high degree of co-operation with their transit countries which should include bilateral and subregional transit agreements, the simplification of transit procedures, the improvement of transit-transport, storage and en-route port facilities, the streamlining and harmonization of documentation and customs procedures, the establishment of transit transport information systems and the establishment of inland dry ports.

90. Furthermore, land-locked least developed countries and coastal countries should undertake and maintain joint investment in transit corridor infrastructures so as to provide adequate transit support services and secure speedy and efficient transit transport transactions. In addition, the land-locked least developed countries should pursue structural change of their economies in a way that promotes high-value, low-bulk exports, reduces the extent to which export production depends on imported inputs as well as supports the expansion of regional exports through the identification and development of sectors of regional export comparative advantages while domestic resource costs are taken into account in replacing imports.

2. Island least developed countries

91. In addition to the problems shared with other least developed countries, but which are often more pronounced in their impact on the socio-economic development of the island least developed countries, these countries face obstacles related to insularity and the often archipelagic nature as well as their small size in terms of territory and population. This smallness of the

territory, combined with often poor soil quality, tends to limit the potential contribution of agriculture to the economic development of these countries as compared to continental LDCs. In order to dispose of income that will guarantee food security rather than food self-sufficiency in these countries, the Governments will have to promote non-agricultural sectors, e.g. services. Furthermore, the handicap of a small land area could be at least partially offset by the exploitation of marine resources of the often vast Exclusive Economic Zones surrounding the island LDCs.

92. Moreover, the often remote location of these countries, their small volumes of commodities destined for export and, above all, the lack of appropriate technical and infrastructural facilities to handle modern container vessels and bulk carriers, severely limit their participation in the global economy. Because of the limited resources and expertise available to individual island least developed countries, these countries will need to establish or increase co-operation at regional or subregional levels. This co-operation should include the chartering of ships or transport space, the combining of shipments among shippers, the creation of joint transportation ventures, the exchange of shipping information, the establishment of multimodal operators and the training of sea-going personnel and of managers and operators of ports and of shipping companies. In addition, the island least developed countries should make efforts to modernize their port facilities and upgrade their inter-island feeder service.

V. Arrangements for follow-up, monitoring and review

93. The establishment of effective follow-up and monitoring mechanisms should be geared towards supporting LDCs' development efforts and is a key to the successful implementation and monitoring of the programme of action for the 1990s.

A. Arrangements at the national level

94. The country review process should be strengthened and continued in the 1990s, as a principal instrument of aligning aid disbursements and aid policy co-ordination with the development needs and priorities of LDCs. The UNDP Round Tables (RTMs) and World Bank consultative or aid groups (CGs) will constitute the backbone of this process. They will translate at the national level the principles of development partnership and complementary commitments as defined in section I above.

95. The international contribution will support the development objectives designed by the LDCs themselves and articulated in medium-term plans and programmes prepared by LDC Governments. The building up of linkages between macro-economic planning and sectoral strategies should constitute a central characteristic of these plans and programmes and would then become a major concern of the LDCs, but also of the international agencies that seek to advise LDCs in their planning and budgeting process. Furthermore, the plans and programmes should be regularly revised in order to adapt it to the evolution of the domestic situation and the international environment.

96. On the basis of each LDC's commitment to its own plans and programmes, including an appropriately phased structural reform programme, donors will undertake to commit adequate financing for the implementation of the plan. This requires that country review groups supporting LDC plans and programmes take a comprehensive approach to the financial flows needed, encompassing the necessary adjustments in the terms of outstanding debt - both that of the Paris Club and that of multilateral agencies (see above paras. 43-48).

97. In order to achieve successfully the proposed approach for country review processes, the following conditions have to be fulfilled:

(i) The country review groups should be broadened so as to encompass all the donors concerned and be organized on a more systematic base. LDCs which currently do not have regular country review groups should be encouraged to adopt this process. Whilst remaining flexible in terms of frequency, country meetings should be convened at least every two years in order to build and maintain sustained momentum for development progress. Progress in meeting complementary commitments under the LDC plans and programmes should be monitored prior to each CG and RT meeting in a jointly prepared report by each LDC Government and the World Bank or UNDP as part of the documentation for the country review meeting. Furthermore, the latter should be buttressed by adequate follow-up arrangements including sectoral and other ad hoc consultations.

(ii) In order to reinforce the responsibility of the LDC Governments, administrative reform should be made an integral element of the country review process. In particular, the responsibilities of the national planning agency and the finance ministry should be firmly delineated and made complementary to one another. In the same line, the central point for aid co-ordination should be clearly identified, vested with adequate authority and strengthened in staff and skills as necessary.

(iii) In order to improve the capacity of LDCs to play a central role in aid co-ordination and management, the overall institutional capacity of the Government has to be improved. The institutional requirements of aid co-ordination cannot be isolated from the overall improvements that are necessary in the administrative system of LDCs. With an appropriate orientation, technical assistance - in particular from UNDP - can constitute a key element for supporting this process of institutional building: it can greatly help the LDCs to formulate structurally sound and operationally relevant policies in the fields of macro-economics and planning. This would then provide a better basis for sectoral management and aid co-ordination.

98. Aid co-ordination is indeed the key element for maximizing the efficiency of the external support. Donors providing technical assistance should start putting LDC Governments at the centre of the aid co-ordination and management process, and efforts should be made to avoid parallel systems of targetting, programming and co-ordinating the allocation of resources.

99. The local co-ordinating groups which meet in the countries, should be the principal fora where donor policies, perceptions and responses are co-ordinated and agreements are reached with the Governments on sectoral policies and programmes. Efforts should therefore be made to develop a tiered structure, with the local co-ordinating group at the apex supported by sectoral, sub-sectoral and implementation-related groups. In this frame, sectoral policies and strategies should be used more widely as a tool for aid co-ordination. Furthermore, the local co-ordinating groups should establish linkages with national and foreign NGOs working in the country, not only to avoid duplication in efforts but also to draw on the experiences of NGOs working at the grassroots level and with the under-privileged sections of the population so that their insights can be incorporated into related official policies and activities.

B. Arrangements at the regional level

100. Progress in economic co-operation between LDCs and other developing countries, especially their neighbours, as well as other countries in the same region, should be monitored by the United Nations regional commissions. Cluster meetings should be regularly organized, preferably every two years, under the aegis of the regional commissions, and with all countries concerned, in order to improve and strengthen existing co-operation arrangements at the regional and subregional level.

C. Arrangements at the global level

101. Arrangements for monitoring, follow-up and review at the global level constitute an essential, integral element of the overall process, and should be regarded as complementary and supportive to the above-mentioned arrangements at the country and regional levels. This follow-up at the global level should focus on the main following elements:

(i) Monitoring the implementation of the commitments and measures adopted at the Paris Conference, especially those addressing the category as a whole;

(ii) Assessing, on a regular basis, the economic and social performance of the LDCs, delineating the respective impact of the international environment and the domestic factors on this performance;

(iii) Analysing the comparative experience and lessons learned from formulating and implementing LDC own-policy framework plans;

(iv) Examining the progress of donors and international agencies in directing and adjusting their assistance programme modalities to the special needs and priorities defined in the LDC policy framework plans.

102. In co-operation with other concerned organizations of the United Nations system, the UNCTAD secretariat is ready to serve as the focal point for the provision of support to this follow-up at the global level as mentioned above.

103. The UNCTAD Intergovernmental Group on the LDCs, whose reports will be made available to the General Assembly, should be convened every two years to carry out a review of the situation of the LDCs, progress in the implementation of the programme of action, and consider new measures as necessary. As part of the global monitoring and review process, a comprehensive appraisal of the implementation of the programme should be undertaken at the end of the 1990s.

104. In order to make the necessary links between the follow-up at the national level and the global level, the UNCTAD secretariat should continue to participate in the meetings of UNDP round tables and should be invited to World Bank consultative groups.

105. The Director General for Development and International Economic Co-operation, in close collaboration with the Secretary-General of UNCTAD, the Executive Secretaries of the regional commissions and the lead agencies for the aid groups, should ensure at the secretariat level the full mobilization and co-ordination of all organs, organizations and bodies of the United Nations system for the purpose of implementation and follow-up of the Programme of Action. The system of focal points in each United Nations agency, used in the preparations for the present Conference, should be kept active also for the implementation tasks over the decade.

Notes

1/ The group of least developed countries (LDCs) comprises 42 developing countries with a combined population of over 400 million and an average GDP per capita slightly higher than $200. The countries are: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Yemen, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, and Yemen.

2/ Most of them suffer from one or more important geographical or climatic handicaps, such as land-lockedness (15 countries), remote insularity (9), drought and desertification, and high exposure to disasters such as cyclones, floods and earthquakes.

3/ Bhutan, Botswana, Cape Verde, Maldives and Yemen.

4/ Benin, Bhutan, Burkina Faso, Cape Verde, Guinea-Bissau, and Yemen.

5/ Democratic Yemen, Lesotho, Vanuatu and Yemen Arab Republic.

6/ Botswana, Malawi, Myanmar, Nepal and Togo.

Notes (continued)

7/ This recovery scenario also implies an improved trading environment and a substantial write-off of outstanding debt. The extra ODA requirement for the next decade is on the average $10.2 billion (in 1988 prices) per year over and above what LDCs are expected to receive (under the base-line scenario). For details, see The Least Developed Countries Report 1989.

8/ Currently donors provide to LDCs, on the average, 0.09 per cent of their GNP.

9/ See section V below.

10/ Afghanistan, Bhutan, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Lao People's Democratic Republic, Lesotho, Malawi, Mali, Nepal, Niger, Rwanda, Uganda.

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Intergovernmental Group on the Least
Developed Countries
Seventh session

Preparatory Committee for the Second
United Nations Conference on the Least
Developed Countries
(Geneva, 26 March 1990)

DECLARATION BY THE MINISTERS OF THE LEAST DEVELOPED COUNTRIES

Note by the UNCTAD secretariat

At the request of the Foreign Minister, Government of Bangladesh, and Chairman, Ministerial Meeting of the Least Developed Countries, the attached text of the Declaration by the Ministers of the Least Developed Countries, adopted at their meeting in Dhaka, is being circulated as a document of the Intergovernmental Group on the Least Developed Countries acting as the Preparatory Committee for the Second United Nations Conference on the Least Developed Countries.

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MINISTERIAL MEETING OF THE
LEAST DEVELOPED COUNTRIES

DHAKA, BANGLADESH
10-12 FEBRUARY 1990

ENGLISH
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I. DECLARATION BY THE MINISTERS OF THE LEAST DEVELOPED COUNTRIES AT THEIR MEETING IN DHAKA, BANGLADESH

1. We, the Ministers of the Least Developed Countries, meeting in Dhaka, Bangladesh from 10 to 12 February 1990, express our deep concern at the deteriorating socio-economic situation in our countries. We also underscore that the Least Developed Countries continue to suffer from formidable structural handicaps and one or more serious geographical or climatological constraints, which constitute serious problems for their development efforts.

2. We note with deep concern that, even after a decade since the adoption of the Substantial New Programme of Action (SNPA) for the 1980s for the LDCs, the main objectives of which remain valid, our countries continue to witness socio-economic deterioration and increasing marginalization of their position in the world economic scene. Prices of our export commodities continue to decline significantly. Technological changes and structural transformations that are making rapid headway and quickly reshaping the world economy have largely by-passed our countries. We express serious concern at the inadequate flow of external resources, insufficiency of other support measures and a precipitous worsening of the external environment for development of the LDCs. Our countries, the weakest among the developing countries, are experiencing serious social and political consequences of adjustment.

3. We underscore the exceptional severity with which the external debt crisis has constricted the development efforts in the LDCs. We express deep concern at the fact that the international community has so far failed to respond adequately to this most serious problem.

4. We strongly reaffirm that the LDCs themselves have the primary responsibility for their socio-economic development. Accordingly, we have undertaken reforms and adjustments in our economies in order to restore growth and development. These have often been painful. However, as a result of the weakness and formidable structural handicaps of the LDCs, no amount of domestic efforts would yield the required rate of growth in the LDCs, if they are not complemented by adequate external resources which should be predictable, timely and sustained. We urge the donor community to make a stronger and renewed commitment in respect of their share in the overall resource requirements of the LDCs. We express our firm conviction that, given the necessary political will, creation of these and other enabling external factors for development of LDCs is not beyond the capacity of the international community.

5. We particularly appreciate the actions of some of our development partners which have provided considerable assistance to LDCs in the form of

emergency assistance and have supported our efforts towards reconstruction and reform pursuant to our economic adjustment and reform programmes. We hope that the Second United Nations Conference on LDCs, which is due to be held in Paris in September 1990, would undertake the major task of formulating and adopting an effective Plan of Action for LDCs for the decade of the 1990s that would arrest a further deterioration in these countries and reactivate growth and development, putting them back on the path of sustained development. We wish to avail ourselves of this opportunity to thank the Government of France for having generously offered to host the Second United Nations Conference on LDCs.

6. We stress the need for sustained, co-ordinated and effective follow-up and monitoring of the Plan of Action for the LDCs for the 1990s at the national and global levels. We also underscore the importance of active participation of the LDCs, donor Governments, multilateral agencies and other organs in the United Nations system in such a mechanism.

7. We hope that the recent relaxation of political tensions will not benefit only one group of countries to the detriment of commitments made towards and solidarity with the LDCs. We express our total solidarity with the developing countries and also note the particular importance and relevance of further strengthening co-operation among ourselves.

8. It is in the spirit of this declaration that we have undertaken a comprehensive assessment of the relevant socio-economic trends in LDCs during the 1980s and the overall requirements of the LDCs for the 1990s, with a view to formulating concrete measures for implementation at the national and international levels during the current decade. These form an integral part of the outcome of our meeting and constitute the common position of LDCs on issues to be addressed by the Second United Nations Conference on LDCs. These are reflected in the annexed Dhaka Document finalized by us. In these recommendations we have fully taken into consideration the suggestions and recommendations contained in the Declaration of the Ministers of the African LDCs held in Addis Ababa in April 1989 which, we consider, constitutes a very relevant contribution to the forging of our common position on issues of critical importance to us.

9. In conclusion, we, the Ministers of the LDCs, profoundly thank, on behalf of our respective Governments, His Excellency Mr. Hussain Muhammad Ershad, President of the People's Republic of Bangladesh and the Government and the people of Bangladesh for their commendable initiative for convening this meeting and for their traditional and generous hospitality extended to us. We are convinced that this initiative by Bangladesh will further consolidate our efforts to overcome the development problems confronting our countries.

Done at Dhaka, Bangladesh on this Twelfth Day of February Nineteen Hundred and Ninety A.D.

II. ANNEX TO MINISTERIAL DECLARATION

DHAKA DOCUMENT ADOPTED BY THE MINISTERS OF THE LEAST DEVELOPED COUNTRIES AT THEIR MEETING HELD FROM 10-12 FEBRUARY 1990 IN DHAKA, BANGLADESH

I.

1. The Ministers of the Least Developed Countries (LDCs) met in Dhaka, Bangladesh from 10-12 February 1990 at the invitation of the Government of the People's Republic of Bangladesh to consider all aspects relating to the Second United Nations Conference on the Least Developed Countries, to be held in Paris in September 1990, and to elaborate the position of their countries on the issues to be addressed by this Conference and its preparatory meetings in accordance with United Nations General Assembly resolution 42/177. In the light of their discussions the Ministers adopted the present final document, to be known as the Dhaka Document with the following elements:

Assessment of progress in the socio-economic situations of the Least Developed Countries during the 1980s in the light of on-going national and international efforts

2. During their meeting in Dhaka, the Ministers of LDCs underscored that the assessment of the progress in the socio-economic situation in the least developed countries should adequately reflect the objective reality underpinning their current state of economic development. They further stressed that such an assessment should, inter alia, take due note of the stagnation and deceleration in most least developed countries, and even negative growth in many of them.

3. The Ministers noted that for the LDCs, the 1980s have largely been a period of stagnation in most of the areas, and outright retrogression in some of them. They were distressed that during this period, deterioration of the socio-economic situation continued with economic indicators registering only marginal or no progress. Average per capita income in the LDCs declined for four successive years after a modest increase in 1981 and their aggregate growth performance of 2.3 per cent per year during the period 1980-1987, set against population growth of 2.6 per cent per annum, actually implied a deterioration in the per capita GDP during this period. Only 12 of the 42 LDCs managed to register positive per capita GDP growth over the period 1980-1986 and during the last two years, the pace of growth of some of the LDCs has been severely affected by devastating natural disasters and ecological deterioration and transit difficulties.

4. The Ministers also noted with deep concern the rapid deterioration in the social conditions in LDCs. The number of unemployed and underemployed soared in the LDCs during this period. There has also been an increase in the absolute number of illiterates and a rise in the incidence of child malnutrition. Indicators of average life expectancy at birth, infant mortality and immunization coverage also failed to register any significant improvement.

5. The Ministers noted that the LDCs were obliged to compress their investment throughout the 1980s due, inter alia, to a whole amalgam of unfavourable external factors. The decade witnessed continuing diminution of their purchasing power resulting from a prolonged decline in prices of their commodities and a rising trend in the prices of their imports. In aggregate terms the values of exports from LDCs declined by 0.4 per cent per annum over the 1980-1987 period, their terms of trade worsened at the rate of 2.6 per cent per annum resulting in a trade loss of more than $US1.3 billion during this period. During the period 1982-1986, due to export earnings fluctuations alone, the LDCs lost an average $US 70 million per year.

6. The Ministers further noted that these most discouraging trends in socio-economic conditions have seriously affected the savings capacity and generation of investable surplus in the LDCs. During the 1980s, the LDCs witnessed a significant depletion in their savings capacity as a result of the ineluctable consequences of the need to maintain minimal consumption levels for an ever growing population, declining economic growth and a worsening of their foreign exchange constraint. They further noted that over one third of all LDCs experienced negative savings ratios over extended periods in the 1980s while in the majority of the others they fell significantly short of their actual requirements.

7. The Ministers underscored that, as a result of their savings and foreign exchange constraints during the major part of the 1980s, the LDCs experienced an unabated diminution of their ability to make productive investments and maintain their already limited capital stock. The share of gross investment in GDP declined from 19 per cent in 1981-1983 to about 14 per cent in 1984-1986. As a large part of their investable savings had to be devoted to replacement of existing capital stock, the net investment ratio in the LDCs fell significantly. Further, as about two thirds of their savings had to be devoted to immediate needs, only 2.0 per cent of the GDP on the average could be earmarked for new investment in restructuring and capacity expansion, which represented a little more than a quarter of its level at the beginning of the decade.

8. It was further noted by the Ministers that the accentuation of the savings and foreign exchange constraints, resulting in reduced investment for productive purposes, adversely affected the growth performances of the LDCs for most of the 1980s. This has had its most significant manifestations in the performance of all important sectors of the LDCs, economies. Among others, the performance of the food and agricultural sector has generally been poor during the 1980s. For the period 1980-1987, per capita average annual food production thus declined at a rate of 0.7 per cent, and agriculture in general at a rate of 0.6 per cent. Industry and manufacturing - essentially a residual sector of agriculture - also experienced a decline of 0.4 per cent per annum in per capita output over the period 1980-1985. They also noted that the number of LDCs experiencing either negative absolute industrial growth or marginal growth increased during the same period. They stressed that cutbacks in investment also led to undesirable contractionary effects on the development of such important areas as natural resources including energy, transport and communication, health and medicare, education and human resources, as well as other important segments of their economies.

National efforts during the 1980s

9. The Ministers noted that, despite unprecedented developmental setbacks during the 1980s, major policy reforms were initiated by the least developed countries to carry out structural transformation of their domestic economies, consonant with the objectives of the SNPA. They stressed that reform measures were conceived and implemented to reduce or arrest budgetary and/or balance-of-payment deficits, improve the efficiency of utilization of resources, promote mobilization of domestic resources, and enhance contributions of important sectors of their economy to the GDP.

10. In this connection the Ministers noted that during the 1980s, 23 LDCs, i.e. more than half of the LDCs, formulated and implemented economic stabilization and adjustment programmes in agreement with the International Monetary Fund (IMF). Other LDCs have also been pursuing reform programmes outside the IMF framework. The adjustment programmes carried out by the LDCs during this period placed a heavy accent on introducing greater exchange rate flexibility (currency depreciation) and demand management measures geared towards ensuring fiscal and monetary discipline.

11. The Ministers further noted that a significant number of LDCs have, during the same period, also adopted major reform programmes under the aegis of the World Bank, financed by structural adjustment loans (SAL) or sectoral adjustment loans (SECAL). The programmes have principally been directed towards improving the efficiency of public enterprises, expanding the role of private sectors in the domestic economy, and strengthening the directly productive sectors, particularly agriculture through price incentives. The least developed countries also made strenuous efforts to mobilize financial resources domestically, develop and mobilize their human resources and other critical sectors of their economy. However, the Structural Adjustment Programmes (SAPs) implemented by LDCs in many cases were inadequate to address the problems of the LDCs due to their narrow-focus, pro-cyclic character, excessive emphasis on redressing monetary, fiscal and external imbalances, and their contractionary effects on investment in vital sectors, as well as unusually narrow time frame.

12. It was also noted by the Ministers that several factors severely limited the scope of generation of investable surplus in the LDCs, viz. (i) existence of a large non-monetized sector in the economy; (ii) negative impact on private savings of the worsening of the per capita income in most LDCs over the 1980s; (iii) reduction in government savings as a result of continuing budget deficits; (iv) very low real interest rates which were often negative in real terms and (v) lack of adequate and effective financial institutions and instruments suitable for tapping savings. An additional factor seriously limiting the generation of domestic resources was the inelastic response of the private sectors in LDCs to various financial incentives owing to their underdeveloped character.

International support measures during the 1980s

13. The Ministers recalled with deep appreciation the sensitivity with which the problems of the least developed countries were addressed by the

international community during the 1980s. They, however, noted that although in terms of donors' performance, sustained efforts have been displayed by many developed countries, the real transfer of resources - as measured by the difference between the current account balance and net interest payments adjusted by the import value index for LDCs, declined by more than a quarter in the 1980s. They also noted that the aid performance of 0.09 per cent of donors' GNP fell far short of 0.15 per cent target foreseen in the SNPA. In some cases the ODA/GNP ratio for major DAC donors to LDCS did not register any appreciable improvement. The Ministers observed that these have further aggravated the problems of the LDCs. They further noted that, by all standards, the growth of ODA flows to the LDCs throughout the 1980s has been extremely inadequate and did not correspond to the projections incorporated in the SNPA. In this connection, they underscored the particular importance for the LDCs of the establishment during the 1980s of new mechanisms such as the IMF Structural Adjustment Facility (SAF) and its Enhanced Facilities (ESAF), and the World Bank Special Facility for sub-Saharan Africa. However, access of many LDCs to these facilities remains restricted.

14. The Ministers also noted that there were some improvements in the terms and forms of aid to LDCs. They noted, however, that despite some positive developments, including the shift by several DAC donors to grant or increasingly grant-like terms in their programmes for LDCs, over one third of ODA to LDCs (mainly from multilateral agencies, but also from a number of bilateral donors) continues to be provided in the form of loans, with serious debt implications for the LDCs. The proportion of tied loans has also remained significantly high in the aid-mix extended to the LDCs. The provision of policy-based lending and the use of such resources under specific facilities are subject to numerous comprehensive prescriptions which preclude many LDCs from utilizing them because of difficulties in complying with such prescriptions.

15. The Ministers stressed with deep concern that, despite action in favour of LDCs to alleviate the burden arising from ODA, LDCs' external debt and debt service payments rose sharply during the 1980s. By the end of 1986, total accumulated external debt of LDCs represented over 60 per cent of their combined GDP, and service payments alone absorbed over 30 per cent, and in many cases as much as 50 per cent, of their exports of goods and services. They appreciated, however, that various retroactive terms adjustment measures (RTS), have been undertaken in pursuance of Trade and Development Board resolution 165 (S-IX). They underscored, however, that this resolution is addressed to Governments only and does not cover other donors, including multilateral agencies to which LDCs owe a large share of their debts.

16. The Ministers noted with appreciation the action taken by Paris Club creditors to ease the debt burden of a number of LDCs since the Toronto Economic Summit and implemented by all Paris Club creditors. They observed, however, that the new approach towards alleviating LDCs' debt burden has remained greatly limited as (i) the extension of payment periods envisaged in it is not concessional; (ii) eligibility criteria attached to it are in principle confined to countries undertaking internationally agreed structural adjustment programmes (and thus do not apply to all LDCs); (iii) the measures, instead of dealing with the overall stock of debt, affect only debt service

due during the consolidation period and do not apply to loans contracted after the cut-off date. They further noted in this context that Paris Club renegotiations do not include multilateral creditors to which LDCs owe a considerable part of their obligations.

17. The Ministers underscored that instability in earnings from commodity exports have also continued to affect the planning and the implementation of LDCs' development programmes. During the period 1982-1986, LDCs experienced average shortfalls of $US 370 million per annum in their commodity sector import earnings on account of such instability. The two main international schemes provided compensatory finance in respect of such shortfalls, viz. the IMF Compensatory Financing Facility (CFF) and EEC's STABEX-LDC-ALA, were inadequate to cater to their total requirements. Further the access to IMF-CFF in recent years have increasingly become difficult due to conditionalities attached to it. They noted that, in September 1988, the IMF-CFF was replaced by a new scheme, but its non-concessional terms and conditionality have the distinct potential to discourage extensive use of the facility.

18. The Ministers further noted that during recent years several preference schemes have been established in favour of developing countries. In addition to the EEC, 13 developed countries have taken special commercial policy measures in favour of LDCs, either in the form of preferential treatment in the framework of General System of Preferences (GSP) schemes or of Most Favoured Nation (MFN) tariff concessions, or in the area of non-tariff barriers. Some developed countries have taken certain measures with regard to the rules of origin element of their GSP schemes, in response to requests for more preferential action in this area, in favour of LDCs.

19. The Ministers, however, noted that the GSP benefits accruing to LDCs are far fewer than could be expected for a number of reasons: firstly, agricultural products in Customs Co-operation Council Nomenclature (CCCN) chapters 1-24 are included only to a limited extent in GSP schemes; secondly, consumer prices for tropical products have been kept relatively high in GSP donor countries through the application of high internal taxes; thirdly, in a large number of GSP schemes, semi-processed forms of products tend to be subject to considerably higher tariffs than the primary form, with ensuing disincentives for LDCs to process primary products for exports. Thus, despite the GSP, the problem of tariff escalation continues. Finally, the Ministers also noted that protectionist obstacles (in the form of both tariff and non-tariff barriers) instituted as part of developed countries' market protection policies themselves, also continue to adversely affect the exports from LDCs.

II.

Requirements and measures for a Plan of Action for the Least Developed Countries for the 1990s

20. The Ministers underscored that, given the prevailing development imperatives, the priority goals for LDCs and their development partners during the 1990s would be (i) to halt the deterioration in an already tenuous socio-economic situation of the LDCs and (ii) to put them back on the path of sustained development. They stressed that LDCs themselves have the main responsibility to achieve these two goals and during the decade each LDC will determine its own development strategy and policy priority on the basis, inter alia, of its specific resource endowments, size of market, population, geographical location, institutional capabilities and past experience and performance. The Ministers expressed their deep conviction and hope that the Second United Nations Conference on the Least Developed Countries would adopt an action-oriented Plan of Action for the LDCs for the decade of the 1990s containing a comprehensive set of policies and measures to support the LDCs in their endeavours in this regard.

21. The Ministers further recognized that reactivation of growth and development in LDCs would entail actions aimed at both immediate, short-term and longer-term requirements of their economies. In this regard they agreed that alleviation and eradication of poverty should be accorded high priority in both the short and long term. In this context, they emphasized the need to give priority to the advancement of the poorest with a view to meeting their basic needs and protect the most vulnerable parts of the population in the LDCs. The Ministers also strongly stressed that, in a longer-term context, it would be crucial to accelerate structural transformation of their economies which would require a process involving, inter alia, modernization and full integration of the productive base, development of the dominant sectors in their economies including agriculture, mobilizing human capabilities, optimum exploitation of natural resources and other economic potentials, improving institutional capabilities, sound management of environment, strengthening of the foreign exchange earnings capacity, adoption of appropriate macro-economic policies, and international support measures.

22. Taking into account these broad priorities for the decade, the Ministers underscored the following:

A. National policies for the 1990s

Poverty alleviation

23. The Ministers underscored that in their national policies the LDCs would give high priority during the decade to poverty alleviation and suitably elaborate their policies to give a decided direction in favour of this priority in their development efforts. They recalled that the majority of families in poverty in the least developed countries tend to be without assets, illiterate, and with insufficient access to productive employment. Many of them live either on extremely small farms or on tracts that do not lend themselves to farming because of highly unfavourable climatic and soil

conditions. Poor families have also few income earners relative to the number to be supported. The solution to their problems would have to be sought in increasing employment and income.

24. The Ministers stressed that the strategy to alleviate poverty in LDCs should also take into account the seasonal nature of rural poverty in LDCs, which needs to be addressed adequately in national development policies and programmes. The relevant national actions in this regard should also increasingly be directed towards providing facilities and entitlements which place a safety net under the poor and include concrete actions in such fields as shelter, health and nutrition, supply of drinking water, clothing, and enhancing ability to avoid and withstand natural disasters.

Structural adjustment measures

25. The Ministers emphasized that the adjustment programmes will have to be conceived and implemented as a continuous process of transformation rather than as a discontinuous exercise aimed at ad hoc crisis management and narrowing within a short span of time, monetary, fiscal and external imbalances of LDCs. The programme should be elaborated through a mutually acceptable process that would seek to overcome the structural bottle-necks of LDCs' economies, and to support a human-centered development process in which productive factors would have a prominent role and resources would be increasingly used to transform and diversify the economies of LDCs and at the same time ensure the human dimensions of the consequences of adjustment process, through, inter alia, adequate emphasis on critical needs through provision of and access to essential commodities and production of essential factor inputs and the maintenance of an adequately enhanced investment level.

26. The Ministers noted that the LDCs would continue to implement adjustment measures or take such other measures as are necessary in accordance with their immediate short-term and long-term social and economic objectives. These measures should clearly reflect specific economic, social and institutional characteristics of LDCs and support development priorities established by LDCs within the framework of their respective development plans and programmes during the decade.

27. The Ministers stressed that, in implementing these programmes and such other measures, due consideration would be given, inter alia, to: (i) the individual characteristics and differing magnitude of the problems faced by each least developed country; (ii) resource requirements to support them; and (iii) the question of an adequate time frame which should be suitably conceived to take into account the various development imperatives of each LDC and rigidities in their economies.

Mobilization of domestic resources

28. The Ministers emphasized that during the 1990s LDCs would continue their efforts towards mobilization of available domestic resources for development. To facilitate this, LDCs would make efforts to (i) develop an appropriate network of institutions to mobilize private savings and provide incentives to generate savings; (ii) broaden their tax base without discouraging saving and

investment; (iii) ensure an optimal productive allocation of public funds; (iv) take necessary steps, both in the monetary and fiscal domain, as well as in all other areas to avoid flight of capital, stimulate capital inflow, and encourage price stability.

29. However, it is recognized that, given the magnitude of their development needs and their limited capacity to generate investable surplus, LDCs would continue to critically depend on external support and assistance.

Development and mobilization of human resources and social development

30. The Ministers noted that development of human resources would be a crucial factor for structural transformation and growth in these countries during the decade. The LDCs would further intensity their national efforts during the decade to develop their human resources and to establish mechanisms to ensure their full participation in the development process. The main thrust of the SNPA for the 1980s on human resources and social development continues to be of particular relevance for planning national policies for the 1990s. In this context, measures in such areas as education and training, health and nutrition, population, and integration of women in the development process would receive appropriate priority.

(a) Education and training

31. The Ministers noted that LDCs would set their national goals for human resources development taking into account their respective circumstances. In the education sector it would be a prime objective of LDCs to attain universal primary education as soon as possible and reform their secondary and higher education systems to cope with the growing transformational needs of the LDCs' economies. Vocational training for technical skills and administrative personnel will also be emphasized. Attention should also be given to the full integration of the concerns of the youth in the development process of the LDCs.

(b) Health and Nutrition

32. The Ministers stressed that in the field of health and nutrition, efforts would be made to enhance the capacity of LDCs to manage and plan nation-wide health care systems. Priority will be accorded to child immunization, establishment of local health care centres, particularly in rural areas, extension of pre-natal services, a concerted attack on widely-spread diseases, and improved maternal and child health. In formulating national policies in this area, LDCs would bear in mind the global strategy of attainment of Health for All by the Year 2000.

(c) Population policies

33. The Ministers recognized an urgent need for integrating population policies in their overall development policies and plans.

(d) Integration of women in the development process

34. The Ministers underscored that as part of their efforts to fully mobilize human resources for development and in accordance with their particular circumstances, LDCs would take appropriate measures to involve women fully, both as agents and beneficiaries of growth and the development process.

Modernization of the economic base

35. Expansion and modernization of their economic base are critical factors for the long-term development of the LDCs. However, the payments crisis of the 1980s and the ensuing need to redress external and fiscal disequilibria obliged the LDCs to defer action in this area. The Ministers recognized that there is an urgent need to fully harness the benefits accruing from forward and backward linkage of their modernization efforts. LDCs would also aim to achieve both vertical and horizontal diversification of their economies. In their diversification and modernization efforts, attention should be paid to two critical dimensions: (i) production of essential goods and services to meet needs of the majority of their people, generation of employment, and enhancement of the value-added of their productive endeavour; (ii) the need to overcome difficulties inherent in the monoculture of their economies.

(a) Agricultural development and food security

36. The Ministers emphasized that development of the agricultural sector would rank high among the transformational objectives of the LDCs in the 1990s. Around 80 per cent of the population of the LDCs live in rural areas and agriculture is the dominant sector of production. Rural development thus constitutes an indispensable element of any agricultural development strategy. Development of the agriculture sector would require, inter alia, (i) improvement of the physical, financial and institutional infrastructure on which agricultural production directly depends; (ii) enhancement of the technical skills and know-how of farmers and agricultural workers; (iii) the reform of farming and land tenure systems where feasible aimed at encouraging investment in land and premises and improvements in management; (iv) full integration of the population into the domestic economy and for the strengthening of its purchasing power; (v) diversification of the agricultural base through development of fisheries, livestock, horticulture and forestry; (vi) adoption of appropriate agricultural price and credit policies; (vii) preservation and protection of the environment, including stepped-up efforts for afforestation and the prevention of soil erosion arising from land misuse or overuse, as well as from an excessive dependence on fuelwood consumption as a source of energy. Least developed countries would implement actions in this general direction during the 1990s.

37. In addition, the specific part of the SNPA on food production and food security would be of continuing validity for the LDCs. Important short-term and focused national efforts supported by international assistance would also be needed to rehabilitate and reconstruct the agricultural sector of those LDCs whose economies have been ravaged by serious drought, famine, soil erosion, desertification and other formidable problems.

(b) Exploitation of natural resources

38. The Ministers noted that the level of exploitation of natural resources in LDCs continue to be extremely low. Given the present inadequacy in this area, LDCs would continue to implement suitable plans and programmes. The Ministers recognized that, inter alia, optimal utilization of their mineral and water resources and development and exploitation of domestic energy sources will be of utmost importance for their future development efforts.

(c) Manufacturing sector

39. The Ministers emphasized that the industrial growth of LDCs would continue to be based largely on agriculture and depend on development of their other natural resources, including minerals in certain cases. However, where narrowness of the domestic market constitutes a significant bottle-neck to the development of their industrial sector, they would need to adopt selective import substitution measures and exploit possibilities for expansion of exports of items which are compatible with their factor endowments and other natural advantages. There is also a continuing necessity to keep under constant review the required adjustment in their trade and price policies. An institutional and regulatory framework and an appropriate incentive system should help achieve this objective. LDCs would also continue to give attention to the choice of appropriate technology, development of small and medium-scale industries and the domestic linkages of their investment activities.

40. The LDCs would try to formulate, as is possible and appropriate, a service development policy as part of their industrialization process. Their policies in this regard may concentrate on exploiting the full potentials of the dynamic effects on the rest of their economies resulting from progress in this area.

41. The Ministers noted that a large number of LDCs have undertaken significant reforms in their policies and measures in favour of foreign direct investment (FDI). They would constantly keep under review and continue to improve, whenever possible, conditions necessary to encourage external financial flows including FDI. Recalling that FDI has largely bypassed the LDCs, they emphasized the need for legislative, fiscal and other measures by home countries with a view to encouraging investment in LDCs by foreign investors.

(d) Physical and institutional infrastructure

42. The Ministers underscored that LDCs would continue to give due importance to substantially strengthening their physical and institutional infrastructures which remain very weak and inadequate. They would strive to improve interlinkages between productive, service and infrastructural activities. In the area of physical and institutional infrastructure, LDCs would seek to strike a balance between new investment and the need for maintenance.

(e) Strengthening the scientific and technological base

43. The medium- and long-term development of LDCs would require creation of an adequate scientific and technological base. The Ministers stressed that during the 1990s, LDCs would seek to: (i) place adequate emphasis on science and technology in their national development plans; (ii) enhance endogenous capacity to deal with the development and application of science and technology, inter alia, by (a) strengthening the scientific and technological infrastructures, (b) establishing a scientific and technologically-focused educational system, (c) improving the quality of manpower training, (d) linking production with indigenous research efforts, and (e) devising appropriate mechanisms for practical application of the results of scientific research; (iii) find alternatives to the export of traditional raw materials by the development of new products and processes, and thus ensuring the competitiveness of LDC exportable goods.

Environment

44. Environmental deterioration poses a serious problem for the present and future development prospects of LDCs. In the majority of LDCs, most of the pressing environmental problems result directly from poverty, unemployment and population pressures which often compel the poor to adopt unsound farming, grazing or fishing methods or to settle on ecologically fragile marginal lands. During the 1990s, LDCs would initiate, within their available capacity, measures to contain environmental deterioration without slowing the pace of their development. Measures in this regard would include improvement in the management of their renewable resources with a view to ensuring the greatest future benefit possible without adversely affecting present needs or reducing the carrying capacity of the environment. Supported by appropriate and adequate international support measures, it would be also one of the main endeavours of the LDCs to achieve a balance between human demands on the natural resource base for future as well as present generations, and to maximize the ability of the environment to meet these demands.

Natural disasters, preparedness and preventive measures

45. In view of the colossal damage caused to the economies of the LDCs by the recurrence of natural disasters, the LDCs would continue to undertake measures within their available capacity, with appropriate international co-operation to: (i) alleviate and mitigate the consequences of such disasters; (ii) limit the extent of their damage and (iii) undertake feasible preventive measures.

Changing domestic policy environment

46. The Ministers recognized the need for the LDCs to adapt their micro-economic policies as and when necessary, to their long-term development objectives. In this regard, they recognize the importance of appropriate orientation to be imparted to their exchange rate régimes, import policies, price incentives and subsidies, monetary expansion and the level of fiscal expenditure and revenue. The scope of their action in this regard should appropriately be guided, inter alia, by the stage of their economic

development, nature and extent of various rigidities in their economies, the potential gains from such policy readjustments and their implications for income distribution, domestic price structure and, in particular, for the poorer segment of population.

Indigenous enterprise sector and public sector

47. The indigenous enterprise sector, inasmuch as it exists in LDCs, has an important role to play in modernizing LDC economies and achieving national development objectives. The Ministers noted that during the 1990s the LDCs would continue to take measures, as appropriate, to encourage indigenous entrepreneurship. The LDCs would take measures aimed at creating an appropriate legal and institutional framework for the conduct of activities of private entrepreneurship.

48. As entrepreneurial capacity and private capital are scarce in most LDCs the public sector would need to take a leading and supportive role in LDCs economies. The LDCs would take steps to strike a pragmatic balance between public and private sectors. The LDCs will also adopt measures to secure effective functioning of public enterprises, including establishment, where necessary, of improved policy mandates, objectives and accounting and institutional procedures.

B. International support measures for the 1990s

49. The Ministers underscored that, while the success of their development programmes during the 1990s will heavily depend on their own efforts to achieve substantial economic and social progress, they would continue to critically depend on the supportive external economic environment and adequate assistance from the international community. Taking due account of this objective reality, the Ministers emphasized the importance of the following international support for implementation during the 1990s.

Financial and technical assistance

50. The Ministers stressed that the development partners of LDCs should undertake during the 1990 Conference to substantially increase their official development assistance to LDCs. For development assistance to make sustained contribution to development of LDCs, it will have to be geared to the support of overall objectives of their development policies. Volume, timeliness and terms of such aid to LDCs should correspond to their immediate short-term and long-term development needs. These should also be supportive of and commensurate with the growing requirements of LDCs' adjustment and their broader development efforts.

51. The Ministers underscored the importance of reaffirming by the Conference the targets of 0.15 per cent of donors' GNP for ODA to LDCs or doubling their current level of ODA to these countries. While noting the most commendable efforts by those donors which have fulfilled either one or both of these targets, they urged others which have not done so to endeavour to attain these targets as soon as possible within an agreed time frame. The Conference

should also urge donors and all concerned to take into account, in the formulation of their aid policies for the decade for LDCs, the recovery scenario contained in UNCTAD secretariat document A/CONF.147/DR/2.

52. The Ministers emphasized that in view of the importance of the multilateral assistance, concerned agencies/organizations/institutions should direct to LDCs substantial and increasing volume of concessional assistance to LDCs on a priority basis. To this end, they also hoped that the 1990 Conference would urge for substantial increases in real terms in IDA resources and those of all concerned Regional Development Banks and Funds to enable them to adequately cope with the lending programmes put into operation to assist the LDCs.

53. The Ministers underlined the crucial importance of comprehensive IMF initiatives to increase its assistance to LDCs under specific facilities and urged the Fund to take fully into account the special economic and social conditions of LDCs in the operation of and access to these facilities. They also called for greater co-operation between the World Bank and the IMF in ensuring effective assistance to the LDCs. Other relevant institutions should also continue to play their respective roles in this regard.

54. The Ministers reiterated the importance of concessional assistance to LDCs and noted that the overall volume of multilateral assistance to LDCs through such channels as IDA, IFAD, Regional Banks and their Funds, UNDP including its special measures fund for LDCs, United Nations Capital Development Fund and United Nations Volunteer Programme should be enhanced substantially to meet the increased development needs of the LDCs during the 1990s. They also hoped that the Conference would urge donors, including those who have not to date participated in these institutions to channel a substantial part of their aid through these institutions. Greater use should be made of revolving funds.

55. The shortage of skilled manpower poses a major constraint on implementation and management of development programmes in many least developed countries. Technical assistance programmes should include, inter alia, the provision of experts integrated with local counterparts training as an important component of development assistance in the 1990s. In this regard it is also imperative that donors' fellowship programmes should be flexible enough as to finance training in third countries.

56. Development partners of LDCs should also continue to provide emergency assistance to LDCs afflicted by food shortages, natural calamities and other emergencies, and contribute to financing of relief operations. The Ministers emphasized that in observing the International Decade for Natural Disaster Reduction (IDNDR), the international community should give priority attention to solution of problems caused by natural disasters in the LDCs.

57. The Ministers noted that assistance provided to the least developed countries for programmes for environmental protection should constitute a true additionality. They also underscored the importance of extending appropriate technical assistance to the least developed countries in all relevant fields in keeping with their national requirement.

58. The Ministers recognized the different and complex situations and conditions that exist among developing countries and the consequent need for the activities of the United Nations development system to respond effectively to them. They stressed the need for substantial increase in resources for operational activities for development on a predictable, continuous and assured basis commensurate with the increasing and special needs of the LDCs. In this regard they called for a substantial increase in the share of resources to be allocated to the LDCs during the future cycles of UNDP, commencing with the fifth cycle (1992-1996), as compared to the share during the fourth cycle, as well as that of other United Nations organizations.

59. They also reaffirmed the need for priority allocation of scarce grant resources to programmes and projects in the LDCs.

Aid modalities and aid effectiveness

60. The Ministers expressed the hope that the Conference would urge the donors, including international financial institutions, to provide timely assistance to support the efforts of the LDCs to implement their development programmes. Further steps should be taken by donors to provide bilateral ODA to the LDCs essentially in the form of grant, and to provide loans on highly concessional terms. Necessary steps should be taken to ensure that ODA loans and grants would be untied to the maximum extent. There should also be further simplification and standardization of procurement procedures, including tendering.

61. The Ministers urged the donors to make efforts to minimize the time-lag between aid commitment and disbursement. To this end they underscored the importance of advancing disbursement whenever possible. They also urged their development partners to ensure greater predictability of disbursement through, inter alia, multi-year programming of assistance.

62. The Ministers stressed that to improve aid absorption by LDCs the Conference should recommend the donors to further increase their participation in local and recurring cost financing as budgetary constraints that have been frequently experienced in this respect greatly hinder execution of development programmes in the LDCs.

63. The Ministers expressed the hope that conscious efforts would be made to harmonize and simplify existing aid procedures to support domestic adjustment measures undertaken by the LDCs. The development partners should consider providing assistance in more flexible forms, in particular towards balance-of-payments support, and rehabilitation and improved maintenance at sectoral level, as well as for achieving longer-term development objectives.

64. The Ministers noted that technical assistance to LDCs should aim at enhancing and strengthening their capacity to formulate and implement their national policies and programmes and to address the basic structural rigidities of their economies. They also noted possibilities for joint international action in the area of technical assistance in support of improved management capacity and development of infrastructure. Technical assistance should be demand-related and not supply-oriented. Preference should be given to local consultants.

65. The Ministers also recognized the effectiveness of providing small-scale capital assistance on a grant basis which benefits the lower income group, such as that provided by UNCDF, and contributes to poverty alleviation. This form of assistance fosters local participation in national economic development and social progress while releasing people's full potential through improved access to facilities for production and cost-effective social services.

Debt problems and measures for debt relief

66. The Ministers called for total write-off of all debt of LDCs owed to all creditors immediately. They stressed that such measures including in particular further action to fully implement TDB resolution 165 (S-IX) should contribute to improving their financial situation and promoting their long-term sustained growth. Resources thus provided should be truly additional to aid allocation to the LDCs, and all LDCs should be eligible for such facilities.

67. The Ministers emphasized greater use and improvement of the Toronto options, inter alia, by (i) widening eligibility to cover all LDCs; (ii) encouraging the maximum use of concessional options by creditor countries, both participants and non-participants at the Paris Club; (iii) significantly enhancing the grant element of the measures; (iv) widening the coverage of consolidation to 100 per cent of Paris Club obligation; (v) applying multi-year rescheduling; (vi) ensuring additionality through closer co-ordination between the Paris Club on the one hand, and the UNDP round table and World Bank Consultative Groups for LDCs on the other.

68. The Ministers deeply regretted that there has been no viable solution so far to the problems of the multilateral debt of the LDCs, which constitutes a serious problem affecting all LDCs. They consequently underscored the need for setting up such arrangements as interest-subsidy and refinancing schemes, allowing past loans to be converted to IDA terms, similar to the newly established IBRD reserve fund.

69. The Ministers underscored that substantially increased concessional finance, especially in grant form, should be extended to the LDCs to resume their growth so as to enable them to cope with their debt burden in the long run.

70. The Ministers recognized that specific measures and incentives should be introduced by their development partners, particularly by donor countries, to facilitate non-debt-creating capital flows to the LDCs, especially in the form of foreign direct investment.

71. Many LDCs have adopted policy reforms to make their investment climate more conducive to foreign investment. However, the persistence of meagre foreign investment flows clearly shows that measures taken by LDCs alone cannot be effective and the Ministers therefore underscored the need for developed countries to implement measures specifically aimed at encouraging foreign investment in least developed countries in conformity with the latter's development objectives.

72. They also noted at the same time the need for other measures to alleviate the debt-servicing burden of the LDCs, including technical assistance and measures in such areas as commodities and market access.

73. The Ministers felt that where the commercial debt poses a serious problem for LDCs, measures to reduce such debt stock should also be considered. They underscored the need to consider the possibility of introducing tax relief and regulatory measures to induce banks to write-off debts out of their profits. They stressed that development partners of the LDCs should also support buy-back schemes along the lines of those implemented in some developing countries, and in appropriate cases conversion of debt into equity. The Ministers underscored the possibility of renegotiation on improved terms for their past debt in specific cases.

Commodities, compensatory financing, access to markets

Commodities

74. The Ministers underscored that LDCs have greatly suffered during the 1980s due to a decline in their basic commodity prices. In the light of recent experience, they stressed the following:

(1) The 1990 Conference should urge the international community to extend assistance to the LDCs in the field of commodities which should include, inter alia, better market transparency, increased market access, reduced trade distortions and other institutional assistance. Sustained efforts should also be directed at providing support for selective structural measures, including technical assistance for improved management capacity.

(2) In view of the entry into force of the Common Fund for Commodities, the Conference may consider urging all concerned to provide specific assistance to the LDCs for the identification and elaboration of projects which can be financed through the Second Account, as well as necessary institutional arrangements in this regard. With regard to commodity arrangements, measures which would help the LDCs, e.g. exemption from quota restrictions and obligations to share financial costs, could be considered.

(3) The LDCs should also be assisted to promote economically appropriate diversification of their economic structures, both vertically and horizontally. In this connection the Ministers reiterated the continued relevance of support measures contained in paragraph 79 of the SNPA.

Compensatory financing

75. With particular reference to the negative impact of the commodity-related shortfalls in export earnings of LDCs, the Ministers underscored the following:

(1) The various compensatory schemes of IMF including its new Compensatory Contingency Financing Faculty (CCFF) scheme, should consider practical measures to facilitate the access of LDCs under terms and conditions that are not excessively burdensome.

(2) Possibilities should also be explored to mobilize additional resources to provide more automatic compensation to LDCs export-earnings shortfalls.

(3) New sets of compensatory measures should be devised which would lead to further strengthening of existing compensatory schemes such as STABEX-LDC-ALA. In particular these could take the form of increasing the availability of financial resources at their disposal and commodity coverage. The non-EC countries may consider setting up exclusively for the LDCs a scheme similar to STABEX to be administered by a major financial institution.

Access to markets

76. The Ministers emphasized that the developed countries should take urgent steps to ensure significantly improved market access for products originating from LDCs. In this regard, they strongly stressed that a wide scope exists for further improvement of the GSP schemes, whose impact on LDCs exports has so far been minimal. They also noted that important supportive measures in favour of LDCs could be taken, inter alia, in such areas as duty-free treatment for their exports, exemption from quotas and ceilings and use of simplified and flexible rules of origin.

77. They further noted that in the context of the Uruguay Round of Multilateral Trade Negotiations the LDCs presented a comprehensive set of proposals which may be endorsed. These proposals include, inter alia, the following on a non-reciprocal basis:

(i) Duty-free treatment for all LDCs' exports (industrial, artisanal, tropical, agricultural and natural resource-based products);

(ii) Exemption from the safeguard clause, from product withdrawals and graduation as well as from quotas and ceilings;

(iii) Long-term guaranteed maintenance of GSP commitments;

(iv) Application of flexible rules of origin and facilities for LDCs' participation in trade fairs, establishment of import promotion offices by donor countries and increasing technical assistance;

(v) Increasing attention needs also to be given to restrictive business practices with a view to accommodating the interests of the LDCs;

(vi) Exemption of LDCs from any agreements/arrangements resulting from the negotiations in TRIPS and TRIM so that they do not prevent the LDCs from adopting measures and policies in those areas which would assist their economic development and provide for improved access to, and ensure effective transfer of technology; and,

(vii) Withdrawal of existing restraints on exports of textiles and clothing against the LDCs, and exemption of LDCs from any new restraints.

78. The Ministers also underscored the important role which the developed partners could play in establishing export-oriented industries in LDCs in developing integrated projects for the expansion of their exports, and in providing adequate resources and technical assistance to overcome supply bottle-necks, as well as in enabling LDCs to enter into long-term arrangements for exports, as called for in the SNPA.

79. The Ministers also stressed the importance of taking adequate preferential measures to safeguard the interests of LDCs during implementation of various regional integration schemes and projects by their development partners.

Transfer of technology

80. The Ministers hoped that the 1990 Conference will reaffirm the measures relating to this subject contained in paragraphs 103 and 104 of the SNPA.

III.

Land-locked and island least developed countries

81. The Ministers strongly reaffirmed their continued support to the contents of paragraph 55 of the SNPA, Section B-VIII of the Mid-Term Global Review of the SNPA and paragraph 142 of the Final Act of UNCTAD as well as other relevant resolutions of the United Nations and called upon the international community to improve and expand its support to the land-locked and island developing countries as agreed upon in those documents and resolutions.

82. The Ministers noted that 15 of the 42 LDCs are also land-locked countries and, therefore, face additional problems which constitute major constraints on development. The improvement of the physical infrastructure, in particular transport and communications, is vital for the movement of goods and services within the country as well as the expansion and development of the foreign trade sector. In order to alleviate this geographical handicap, the land-locked countries and their transit neighbours, in co-operation with each other, should make concerted efforts to simplify transit procedures and to improve international trade links in the 1990s taking into account the needs and means of the land-locked LDCs. Similarly, island LDCs should initiate programmes for the development of their internal and external transport links in order to improve their access to the world markets.

IV.

Strengthening co-operation between LDCs and other developing countries (ECDC)

83. The Ministers considered the crucial role which the strengthened co-operation between LDCs and other developing countries can play in the development efforts of the LDCs during the 1990s. They stressed that co-operation between the LDCs and other developing countries (particularly, as appropriate at regional and subregional levels) should be strengthened during the decade. The Ministers noted that arrangements in this connection should aim at providing greater and preferential access of LDC products to regional

markets, importing LDCs products on a long-term secure basis, providing financial and technical co-operation for the benefit of LDCs, enhancing exchange of information and know-how, increasing collaborative ventures, and as regards land-locked LDCs, facilitating the flow of goods in transit.

84. The Ministers also reaffirmed the importance of multi-country schemes among developing countries, as contained in the SNPA, including, inter alia, the following:

(a) Within regional co-operation programmes among developing countries there should be arrangements for joint exploitation of common river basins or other resources potential, with special support for participating least developed countries.

(b) Where there are realistic opportunities for multi-country investments involving least developed countries and other countries in the same subregion, they should be strongly supported by donors. Such programmes may in fact present a unique opportunity for effectively transforming the economies of the least developed countries concerned, many of which are too small and have too limited a resource base to support any significant economic structural changes by investment only at the national level.

V.

Follow-up and monitoring mechanism

85. The Ministers underscored the vital importance of establishment of an effective mechanism to follow up and monitor the implementation of the Plan of Action for the LDCs for the 1990s. They recognized that the core of such mechanism should continue to be the meetings for pledging international contributions to LDCs to the implementation of national development goals and priorities. In this connection, they particularly highlighted the continuing relevance of the UNDP round tables and World Bank consultative groups. They also noted that improvement in these modalities should be a continuous process. The Ministers underscored the importance of holding such meetings regularly, giving the LDCs the opportunity to, inter alia, (i) elaborate their priorities and positions during these meetings adequately; (ii) examine all policy alternatives objectively, and (iii) install adequate follow-up arrangements for sectoral and other ad hoc consultations and co-ordination among donors. The Ministers also underscored the need to support LDCs to strengthen national capacity to formulate and implement their development plans and programmes.

86. The Ministers also stressed that there should be a clear and forward-looking agreement on the arrangements for monitoring and follow-up at the global level, which should constitute an essential and integral element of the overall process, and be regarded as complementary and supportive to the arrangements at the country level. The Ministers emphasized that, as in the past, all the sessions of the United Nations Conference on Trade and Development should continuously keep under review the status of implementation of the plan of action for the LDCs for the 1990s. As part of the global monitoring and review process, a comprehensive mid-term appraisal of

the implementation of the plan should be undertaken in 1995 and an end-of-the-decade review for comprehensive appraisal should also be undertaken at the end of the decade. The UNCTAD Intergovernmental Group on LDCs could be convened regularly and more frequently and its report could be made available to the United Nations General Assembly as in the past.

87. The Ministers also strongly emphasized the need for undertaking reviews by LDCs themselves of the implementation of the plan of action for the 1990s. In this regard, they agreed that representatives of LDCs at various levels should meet at suitable intervals to undertake such reviews. They agreed to meet briefly in Paris prior to the Second United Nations Conference on the LDCs. They urged the international community to provide necessary support to the LDCs in their efforts in the area of follow-up and monitoring.

88. The Ministers noted with appreciation the very important role played by UNCTAD in the implementation of the SNPA, and the support its secretariat provided to the global review mechanism and preparation of the Second United Nations Conference on the Least Developed Countries. They strongly endorsed that UNCTAD should continue to serve as the focal point for the review and appraisal of the implementation of the programme for the 1990s and its secretariat for the provision of support to the global review mechanism during the decade, in co-operation with concerned organizations of the United Nations system and other relevant institutions such as the World Bank and the IMF. The Ministers strongly recommended a significant increase in the capacities of the UNCTAD secretariat to collect and analyse basic information on the problems of the least developed countries, to prepare substantive documentation thereon drawing on the expertise in all of its programmes, and, in co-operation with the Office of the Director-General for Development and International Economic Co-operation, to mobilize and co-ordinate activities related to the LDCs by the United Nations system. The Ministers considered it necessary to these ends that the unit of the UNCTAD secretariat which is specifically devoted to work on the LDCs and to related outreach activities be upgraded and further strengthened and invited the Secretary-General of the United Nations to provide substantially increased resources including financial and personnel for this purpose.

89. The Ministers expressed their gratitude to the Government and people of Bangladesh for their hospitality and generous offer to host the Ministerial Meeting. They complimented the Governments, including in particular the Government of Japan, the Secretary-General of the United Nations, the Director-General for Development and International Economic Co-operation, the Secretary-General of UNCTAD, the United Nations Regional Economic Commissions, the Administrator of UNDP and all other organizations which extended their support and co-operation to the LDCs in their preparation for the forthcoming Conference and its preparatory meetings, and in particular in holding the Ministerial Meeting. The Ministers requested the Government of Bangladesh, on behalf of the LDCs, to convey to these Governments and organizations their profound and sincere thanks.

12 February 1990

III. DECISIONS I, II AND III

Decision I of the Ministerial Meeting of the Least Developed Countries, held at Dhaka, Bangladesh, from 10-12 February 1990

Recognizing that the full co-operation of donor countries would be needed for the successful outcome of the Second United Nations Conference on the LDCs to be held in Paris in September 1990,

The Ministerial Meeting of the LDCs in Dhaka, Bangladesh, decided that, in order to sensitize the donor community at the highest political level about the needs and problems of the Least Developed Countries, a Mission consisting of four Ministers of LDCs should visit donor capitals immediately after the forthcoming Meeting of the Preparatory Committee in Geneva for the Conference.

12 February 1990

Decision II of the Ministerial Meeting of the Least Developed Countries, held at Dhaka, Bangladesh, from 10-12 February 1990

The Ministers of the Least Developed Countries,

Mindful of the formidable developmental problems of Least Developed Countries,

Recognizing the need to undertake research on and analysis of such problems,

1. Emphasize the urgent need to establish a Centre for Research on the Least Developed Countries in Dhaka to: (i) undertake and promote research and analysis of developmental issues concerning Least Developed Countries; (ii) assist Least Developed Countries in their own monitoring and follow-up of future programme of action for Least Developed Countries; (iii) promote co-operation among Least Developed Countries in the field of research and analysis,

2. Urge the international community, in particular donor countries and organizations to provide adequate financial, technical and other forms of assistance to the Centre, when established on a continued basis,

3. Request all United Nations organizations, in particular UNCTAD, as well as other international and multilateral organizations, to provide full co-operation and support to the Centre in conducting its work.

12 February 1990

Decision III of the Ministerial Meeting of the Least Developed Countries, held at Dhaka, Bangladesh, from 10-12 February 1990

Recognizing the importance of structural arrangements for consultations and exchange of views among the Least Developed Countries on a regular basis on issues of concern to these countries and to monitor and follow-up the Plan of Action for the Least Developed Countries for the 1990s to be adopted at the Second United Nations Conference on the Least Developed Countries in September 1990, the Ministerial Meeting of Least Developed Countries in Dhaka, Bangladesh, decided that for this purpose, the representatives of the Least Developed Countries at the United Nations in New York would hold consultations at Ministerial level during the regular sessions of the General Assembly of the United Nations, which should be serviced by UNCTAD.

The Ministerial Meeting also decided that the representatives of the Least Developed Countries in other major United Nations centres should also work out arrangements to hold such consultations on issues of concern to LDCs on a regular basis.

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